

## CHAPTER 6: PAYABLES MANAGEMENT

### Objectives

The objectives are:

- Describe the Payments FastTab on the Vendor Card window.
- Explain the Payment Journal, which is used to process payments.
- Explain the Apply Vendor Entries window, used to apply payments to vendor ledger entries.
- Explain the process of entering and posting manual checks.
- Explain the Suggest Vendor Payments batch job, which is used to generate open payables entries in the Payment Journal.
- Create payments using the Suggest Vendor Payment batch job.
- Explain the process of printing and posting payments.
- Explain the process of voiding printed but unposted payments.
- Demonstrate how to apply payments to vendor ledger entries after posting.
- Explain the process of unapplying vendor ledger entries.
- Explain the process of reversing vendor ledger entries posted using journals.
- Set up Microsoft Dynamics NAV 2009 to use payment discounts.
- Process transactions for various situations that benefit from using payment discounts.
- Set up Microsoft Dynamics NAV 2009 to use payment tolerance.
- Process transactions for various situations that benefit from payment tolerance.
- Review Vendor Ledger Entries and Detailed Vendor Ledger Entries.

### Introduction

Payables Management is an integral component of Microsoft Dynamics® NAV Financial Management that helps companies manage vendor payments more effectively and build up a comprehensive vendor database.

Understanding Payables Management give a overviews of the relevant windows, explains the vendor setup, the structure of vendor ledger entries and detailed ledger entries and how to effectively use Payables Management in Microsoft Dynamics NAV 2009 .

---

**NOTE:** To successfully perform all demonstrations in Payables Management, a clean Microsoft Dynamics NAV 2009 database must be used.

---

## Vendor Card

Managing vendors and payments is an important part of managing the total finances of the company. This is important to avoid penalty fees if there is a late payment, to keep a good relationship with the vendors or if possible get a discount if the company make early payment.

In Microsoft Dynamics NAV 2009, the Vendor Card contains six FastTabs:

- General
- Communication
- Invoicing
- Payments
- Receiving
- Foreign Trade

Each FastTab contains a function to help companies manage vendors efficiently. The vendor card also has two FactBoxes with the Vendor Statistics and Vendor History to help users keep control of expenses and information on the vendor account.

## Vendor Card and Payables

The **Payments** FastTab on the Vendor Card is used to define how payments to vendors are managed.

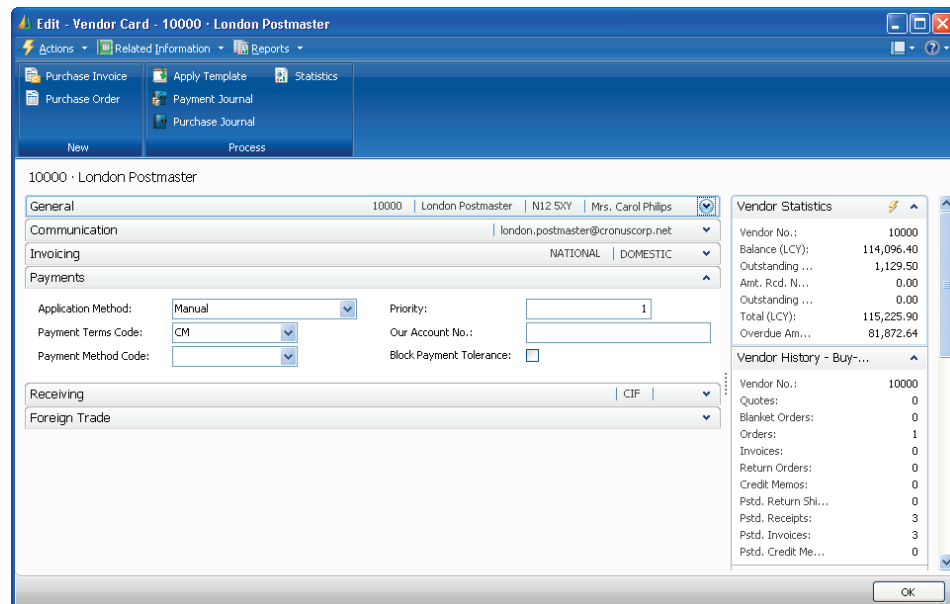


FIGURE 6.1 VENDOR CARD, PAYMENTS FASTTAB

On this FastTab, the following payment requirements are specified:

- Payment application methods
- Payment terms and methods
- Vendor priorities
- Whether payment tolerance is allowed

These areas are described as needed in the lessons that relate to their functionality. For more information about any of these fields, press **F1** to access online help.

## Payment Journal Overview

In Microsoft Dynamics NAV 2009, payments to vendors are created and posted in the Payment Journal. When using the Payment Journal, you can:

- Record and post handwritten checks quickly
- Enter printed computer checks for open invoices:
  - Manually
  - Using the Suggest Vendor Payments batch job

Access the Payment Journal from the following two areas on the Financial Management menu:

- Cash Management
- Payables

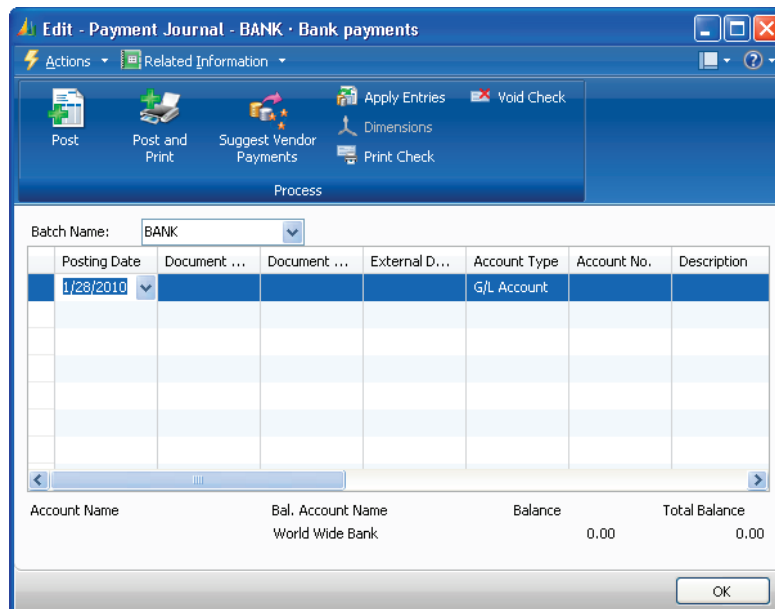


FIGURE 6.2 PAYMENT JOURNAL WINDOW

Use the following field selections when posting payments:

- **Document Type** = Payment
- **Account Type** = Vendor
- **Amount** = Entered as a positive amount
- **Bal. Account Type** = Bank Account
- **Bank Payment Type** =
  - Computer Check when printing checks
  - Manual Check when recording a handwritten check

The **Document No.** field represents the check number and is populated based on the selections in the **Bank Payment Type** field.

For manual checks:

- The **Bank Payment Type** is set to Manual Check.
- The check number is entered in the **Document No.** field.

For computer checks, the **Bank Payment Type** is set to Computer Check and the **Document No.** field is specified as follows:

- To print one check for each vendor, the **Document No.** field is left empty. The **Document**
- **No.** field is populated with the check numbers that are specified during the check printing process.
- To print multiple checks for each vendor:
  - Create separate lines for each vendor payment.
  - In the **Document No.** field on each line, indicate separate check numbers, for example, enter 1 on the first line, 2 in the next line, and so on.
  - During the check printing process, Microsoft Dynamics NAV 2009 recognizes that the numbers are different and prints multiple checks.

## Apply Vendor Entries Window

Use the **Apply Vendor Entries** to apply open vendor ledger entries for the relevant vendor.

This window can be accessed from various areas in Microsoft Dynamics NAV 2009. In this lesson, however, it is accessed from the following two windows, based on when payments are applied:

- **Payment Journal**, to apply payments to entries before posting.
- **Vendor Ledger Entries**, after posting payments that have not been applied.

To open the **Apply Vendor Entries** window from either of these windows, click in the Action Pane on **Apply Entries**

Applies-to ID	Posting Date	Document ...	Document ...	External D...	Vendor No.	Description	Currency C...	Ref

Appln. C...	Amount to A...	Pmt. Disc. A...	Rounding	Applied Amount	Available Am...	Balance
	0.00	0.00	0.00	0.00	0.00	0.00

FIGURE 6.3 APPLY VENDOR ENTRIES

The **Apply Vendor Entries** window contains four areas:

- Action Pane
- General Header
- Lines
- Balancing application fields

From the Action Pane on the Apply Vendor Entries window, you can access the following buttons:

- **Set Applies-to ID** - used to set the **Applies-to ID** field on the line for each line that is applied against the **Applying Entry** in the **General** FastTab

- **Navigate** - click to access the **Navigate** window for the selected line.
- **Post Application** - click to post the application when you are applying previously posted entries

From the **Related Information**, the following options are available:

- **Entry** - provides access to additional information for the line selected.
- **Application** - provides access to **Set Applies-to ID** and **Post Application**.  
The Show Only Selected Entries to Be Applied check box, this determines whether only the entries selected for the applying entry are displayed.

The Lines area displays each open transaction and is used to determine the entries to be applied-to. The following fields can be edited:

- **Applies-to ID** - identifies who or what is making the application and is required to post the application.
- **Amount to Apply** - used for partial payments to specify the exact amount to apply to the applying entry.
- **Due Date** - indicates when an invoice is due to be paid.
- **Pmt. Discount Date** - indicates the date on which the amount in the entry must be paid for a payment discount to be obtained.
- **Pmt. Disc. Tolerance Date** - indicates the latest date on which the amount in the entry must be paid for payment discount tolerance to be granted.
- **Remaining Pmt. Disc. Possible** - identifies the remaining payment discount that can be received if the payment is made before the payment discount date.
- **Max. Payment Tolerance** - Identifies the maximum tolerated amount that the amount in the entry can differ from the amount on the invoice or credit memo.

The following balancing fields-which are used to track the application-are located underneath the lines:

- Appln. Currency
- Amount to Apply
- Pmt. Disc. Amount
- Rounding
- Applied Amount
- Available Amount
- Balance

For more information about these fields, press **F1** to access online help.

### Post Manual Payables Checks

Users can enter a payment as a manual check, when a payment is generated outside Microsoft Dynamics NAV 2009, to create a corresponding check ledger entry for the amount without printing the check.

Entering payments manually in the Payment Journal resembles entering lines in the Cash Receipts Journal.

---

***NOTE:** The instructions for posting manual checks do not reference specific vendor payments or invoices. To avoid conflicts with demonstrations in this lesson, do not use vendor numbers 10000-62000 when performing these procedures.*

---

### Post an Unapplied Manual Check

To post a manual check entry without applying the payment to an invoice(s), follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. In the **Batch Name** field, click the drop-down list and select the appropriate batch.
3. In the **Posting Date** field, enter the date the check was written.
4. In the **Document Type** field, click the drop-down list and select Payment.
5. In the **Document No.** field, enter the check number.
6. In the **Account Type** field, click the drop-down list and select Vendor.
7. In the **Account No.** field, click the drop-down list and select the relevant vendor.
8. In the **Amount** field, enter the amount of the payment as a positive amount.
9. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
10. In the **Bal. Account No.** field, click the drop-down list and select the bank account.
11. In the **Bank Payment Type** field, click the drop-down list and select Manual Check.
12. Click **Post**.
13. Click **Yes** to post the journal lines.
14. Click **OK**.
15. Close the **Payment Journal** window.

## Application Methods

When users post payments without application to an entry, the option selected in the **Application Method** field on the **Payments** FastTab of the vendor's card determines how the open payment is managed in the vendor ledger entries.

The Application Method options are as follows:

- Manual
- Apply to Oldest

When the Manual option is selected, a payment posted to a vendor's account is not applied to an invoice and remains an open payment in the vendor ledger entries.

When the Apply to Oldest option is selected, a payment posted to a vendor's account is automatically applied to the oldest of the vendor's open entries.

The option selected does not affect how applications are made when users post a payment; however, it is important to understand how the Application Method affects the unapplied entries.

## Apply and Post a Manual Check

To enter a manual check entry applied to single or multiple invoices, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journal**.
2. In the **Batch Name** field, verify that the correct batch is used.
3. In the **Posting Date** field, enter the date the payment was created.
4. In the **Document Type** field, click the drop-down list and select Payment.
5. In the **Document No.** field, enter the check number.
6. In the **Account Type** field, click the drop-down list and select Vendor.
7. In the **Account No.** field, enter the relevant vendor.
8. In the **Amount** field, enter the full payment as a positive amount.
9. In the **Bank Payment Type** field, click the drop-down list and select Manual Check.
10. Click **Apply Entries**.
11. Click the line with the invoice to apply the payment to.
12. Click **Set Applies-to ID**.



13. Verify that the **Balance** field at the bottom of the window is zero.
14. Click **OK**.
15. Make sure that the **Bal. Account Type** and **Bal. Account No.** fields contain the correct bank account.

Notice that if the **Amount** field was left blank, it will be populated with the amount of the applied invoice(s).

To post the manual check, follow these steps:

1. Click **Post**.
2. Click **Yes** to post the journal lines.
3. Click **OK**.
4. Close the **Payment Journal** window.

### Apply and Post a Manual Partial Payment

To post a manual check with a partial payment of a single invoice, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journal**.
2. In the **Batch Name** field, verify that the correct batch is used.
3. In the **Posting Date** field, enter the date the payment was created.
4. In the **Document Type** field, click the drop-down list and select **Payment**.
5. In the **Document No.** field, enter the check number.
6. In the **Account Type** field, click the drop-down list and select **Vendor**.
7. In the **Account No.** field, enter the relevant vendor.
8. In the **Amount** field, enter the partial payment as a positive amount.
9. Click **Apply Entries**.
10. Click **Applies-to ID**
11. On the line with the partial payment, click **Applies-to ID**
12. Click the **Apply to Amount** field.
13. Enter the amount of the partial payment as a negative amount in the field.
14. Verify that the **Balance** field is zero.
15. Click **OK**.
16. Make sure that the **Bal. Account Type** and **Bal. Account No.** fields contain the correct bank account.
17. In the **Bank Payment Type** field, click the drop-down list and select **Manual Check**.

Notice that if the **Amount** field was left blank, it will be populated with the amount of the applied invoice.

To post the manual check, follow these steps:

1. Click **Post**.
2. Click **Yes** to post the journal lines.
3. Click **OK**.
4. Close the **Payment Journal** window.

## Lab 6.1 - Enter a Manual Check

### Scenario

In January 2010, two manual checks were created:

- To vendor 10000, London Postmaster:
  - On 01/03/10, check number 1200
  - In the amount of 8132.00 for Document No. 108018.
- To vendor 30000, CoolWood Technologies:
  - On 01/23/10, check number 1201
  - In the amount of 2850.00 for a purchase that required payment on delivery.

The invoice for the payment to vendor 30000 still has not been received. But because it is nearing the end of the month, the payment has to be recorded.

As the accounts payable coordinator at CRONUS International Ltd., it is your responsibility to apply and post these manual checks to the World Wide Operating bank account using the Bank batch.

### Challenge Yourself!

1. Enter both manual checks in the **Payment Journal**.
2. Apply the second check to the invoice as stated in the scenario.
3. Post the journal.

### Need a Little Help?

1. Open the **Payment Journal**.
2. Enter the first check.
3. Enter the second check and do not apply to any invoice.
4. Open the **Apply Vendor Entries** window.
5. Apply the payment to the invoice stated in the scenario.
6. Post the journal.

### Step by Step

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then **Payment Journals**.
2. In the **Batch Name** field, make sure that the Bank batch is selected.
3. In the **Posting Date** field, enter 01/30/10.

4. In the **Document Type** field, click the drop-down list and select Payment.
5. In the **Document No.** field, enter 1200.
6. In the **Account Type** field, click the drop-down list and select Vendor.
7. In the **Account No.** field, enter 10000.
8. In the **Amount** field, enter 8132.
9. In the **Bank Payment Type** field, click the drop-down list and select Manual Check.
10. Click **Apply Entries**.
11. Click the line for **Document No.** 108018.
12. Click **Set Applies-to ID**.
13. Click **OK**.
14. Click the next line.
15. In the **Posting Date** field, enter 01/23/10.
16. Make sure that the **Document No.** is set to 1201.
17. In the **Account No.** field, enter 30000.
18. In the **Amount** field, enter 2850.00.
19. In the **Bank Payment Type** field, click the drop-down list and select Manual Check.
20. Click **Post**.
21. Click **Yes** to post the journal lines.
22. Click **OK**.
23. Close the **Payment Journal** window.

## Suggest Vendor Payments Overview

In the Payment Journal, the Suggest Vendor Payments function:

- Processes open vendor ledger entries.
- Creates a payment suggestion as lines in the Payment Journal, based on specified criteria, such as the following:
  - Specific vendors
  - Due Dates
  - Vendor Priority

The Suggest Vendor Payments function can also be run to:

- Include payments for which it is possible to obtain a discount.
- Summarize suggested line for each vendor, by dimension.

### Suggest Vendor Payments Batch Job Overview

The Suggest Vendor Payments batch job contains two FastTabs:

- Vendor
- Options

On the **Vendor** FastTab, filter the suggestion lines by vendor information. Additional filters can be added in a blank line.

To suggest vendor payments for all vendors, do not set filters on this FastTab.

FIGURE 6.4 SUGGEST VENDOR PAYMENTS

The **Options** FastTab is used to determine how the batch job is executed and contains the following fields:

- **Last Payment Date** - the latest payment date that can appear on the vendor ledger entries to be included in the batch job.
  - Only entries that have a due date or a payment discount date either before or on this date are included.
  - If this date is earlier than the system date, the system displays a warning message.
- **Find Payment Discounts** - if this field is selected, the batch job includes vendor ledger entries for which a payment discount can be received.
- **Summarize per Vendor** - if this field is selected, the batch job suggests one line for each vendor, for each currency in which the vendor has ledger entries.  
If not selected, the batch job suggests one line for each invoice.

- **By Dimension** - if the **Summarize per Vendor** check box contains a check mark, select the dimensions to group the suggested payments. Based on the selected dimensions, Microsoft Dynamics NAV 2009:
  - Calculates a total amount for each dimension value that is contained in the outstanding vendor ledger entries.
  - Transfers each amount and the dimension value to a new payment line.
- **Use Vendor Priority** - if this field is selected, the contents of the **Priority** field on the Vendor Cards determine in which order vendor entries are suggested for payment by the batch job. Microsoft Dynamics NAV 2009 always prioritizes vendors for payment suggestions if an available amount is specified in the **Available Amount (LCY)** field.
- **Available Amount (LCY)** - indicates that there is a maximum amount available (in local currency) for payments. Therefore, the batch job:
  - Creates a payment suggestion from this amount and the vendor priority.
  - Only includes vendor entries that can be paid fully.
- **Posting Date** - the posting date that appears on the lines that the batch job inserts in the Payment Journal.
- **Starting Document No.** - automatically populated with the next available number in the number series for the journal batch that is linked to the payment journal. This field can also be filled in manually.
- **New Doc. No. per Line** - if this field is selected, the batch job fills in the payment journal lines with consecutive document numbers, starting with the document number specified in the **Starting Document No.** field. This check box must contain a check mark if:
  - The **Bank Payment Type** field is set to Manual Check.
  - The **Summarize per Vendor** field does not contain a check mark.
- **Bal. Account Type** - the balance account type to be used in the batch job. The options are:
  - G/L Account
  - Bank Account
- **Bal. Account No.** - either the G/L Account or Bank Account number.

---

***NOTE:** If Bank Account is selected and the bank account contained in the **Bal. Account No.** field has a currency code other than LCY, only those entries with the same currency as the bank account are included in the batch job.*

---

- **Bank Payment Type** - if the **Bal. Account Type** is set to Bank Account, the selection in this field determines whether the suggested lines are Manual Checks or Computer Checks.

In the following demonstrations, computer checks are not printed or posted. Printing and posting are discussed in the "Printing and Posting Payables Checks" lesson.

---

***NOTE:** Suggested payment entries in the Payment Journal can be modified and/or deleted. Until open ledger entries are closed or outside the filters, they are included every time that the batch job is run.*

---

### Test Your Knowledge: Suggest Vendor Payments

1. On the Suggest Vendor Payment batch job, the New Doc. No. per Line check box must contain a check mark if which of the following are true: (Select all that apply)
  - Summarize per Vendor check box contains a check mark.
  - Bank Payment Type is set to Manual Checks.
  - Summarize per Vendor check box does not contain a check mark.
  - Bank Payment Type is set to Computer Check.
2. On the Suggest Vendor Payments batch job, which fields are used to group the suggested payments by dimension? (Select all that apply)
  - By Dimension
  - Summarize by Dimension
  - Group by Dimension
  - Summarize per Vendor

## Create Payments Using Suggest Vendor Payments

When a company have to pay vendor invoices they can run the Suggest Vendor Payments batch job. The Suggest Vendor Payments batch job, suggest payment lines for single vendors or all vendors.

### Demonstration: Suggest Vendor Payments for All Vendors

**Scenario:** On the twenty-fifth of each month, April, the accounts payable coordinator, pays vendor invoices. Today is January 25, 2010 and she has to run the Suggest Vendor Payments batch job for all open entries that are due on or before January 31, 2010.



### Steps: Suggest Vendor Payments for All Vendors

To run the Suggest Vendor Payments batch job for all vendors, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. Make sure that the Bank batch is selected.
3. Click **Suggest Vendor Payments**.
4. In the **Last Payment Date** field, enter 01/31/10.
5. In the **Posting Date** field, enter 01/25/10.
6. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
7. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
8. Click **OK**.
9. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
10. Verify that no filters are set on the **Vendor** FastTab.
11. Click **OK**.
12. Click **Yes** to the message that asks if you want to view the entries.
13. Click **OK** to the message that suggested vendor payment lines for all currencies have been created.

All the open invoices and credit memos for all vendors are listed as individual payment lines.

### Steps 2: Suggest Vendor Payments for All Vendors

To verify that open entries continue to be included in the Suggest Vendor Payments batch job, follow these steps:

1. Delete all Payment Journal lines.
2. Run the same Suggest Vendor Payment process by clicking **Suggest Vendor Payments**.
3. Click **OK**.
4. Click **OK** to the message that lines have been created.
5. Notice that the lines all appear again.

Until open entries are closed, they will appear in the Suggest Vendor Payment process if they are within the set filters and parameters.

To prepare for the "Suggest Payments for a Single Vendor" demonstration, delete all the Payment Journal lines again.

### Demonstration: Suggest Payments for a Single Vendor

**Scenario:** April, the accounts payable coordinator, pays vendor invoices on the twenty-fifth of each month. On January 24, 2010, the accountant asks her to run the Suggest Vendor Payments batch job for all open entries for vendor 30000 that are due on or before January 31, 2010.

### Steps: Suggest Payments for a Single Vendor

To run the Suggest Vendor Payments batch job for a single vendor, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journal**.
2. Make sure that the Bank batch is selected.
3. Click **Suggest Vendor Payments**.
4. In the **Last Payment Date** field, enter 01/31/10.
5. In the **Posting Date** field, enter 01/24/10.
6. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
7. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
8. Click **OK**.
9. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
10. On the **Vendor** FastTab, in the **Filter** field for the No. line, enter 30000.
11. Click **OK**.
12. Click **Yes** to the message that asks if you want to view the entries.
13. Click **OK** to the message that suggested vendor payment lines for all currencies have been created.

All the open invoices and credit memos for vendor 30000 are listed as individual payment lines. If a computer check is printed, the document numbers and amounts of the entries are individually displayed on the check stub.

To verify the total amount of the check, follow these steps:

1. Click **Related Information**, point to **Payments**, and then select **Preview Check**.
2. The **Amount** field displays 87,172.82 This amount is verified in the "Summarize Vendor Payments" demonstration.
3. Close the **Check Preview** window.

### Demonstration: Summarize Vendor Payments

**Scenario:** After running the Suggest Vendor Payments batch job for vendor 30000, April realizes that she had intended to run the batch job using the **Summarize per Vendor** option to post a single combined payment line for this vendor.

### Steps: Summarize Vendor Payments

To rerun the Suggest Vendor Payments batch job for a single vendor, for one payment line, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journal**.
2. Delete all the journal lines.
3. Click **Suggest Vendor Payments**.
4. In the **Last Payment Date** field, enter 01/31/10.
5. Click the **Summarize per Vendor** check box to insert a check mark.
6. In the **Posting Date** field, enter 01/24/10.
7. In the **Starting Document No.** field, enter CH001.
8. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
9. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
10. Click **OK**.
11. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
12. Make sure that the batch job is filtered on vendor 30000.
13. Click **OK**.
14. Click **OK** to the message that suggested vendor payment lines for all currencies have been created.
15. Click **Yes** to the message that asks if you want to view the entries.
16. Notice that the **Amount** field displays 87,172.82, the same total as the previous demonstration.

Adding a check mark in the **Summarize per Vendor** check box results in all the open invoices and credit memos being combined in a single payment line. If the payment is made with a computer check, the document numbers and amounts of the entries combined to create the net payment amount are also displayed on the check stub.

To prepare for the "Use Vendor Priority and Available Amounts" demonstration, delete all the Payment Journal lines again.

### Suggest Payments Using Vendor Priority

Use vendor priority when there are limited funds available to pay vendors and it is necessary to prioritize the order in which vendors are paid. Vendor priority is set on the **Payments** FastTab of the **Vendor Card**.

To determine which specific payments to suggest, Microsoft Dynamics NAV 2009 applies the following rules:

- Only vendor entries that can be paid fully are suggested.
- All priority 1 vendor entries that can be fully paid within the **Available Amount (LCY)** are suggested first. Any vendor entries for lower priority vendors that can be fully paid within the remaining available amount are then suggested.
- For each vendor, the batch job suggests amounts based on the **Due Date** of the Vendor Ledger Entries for that vendor. Invoices with the earliest **Due Date** are suggested first.

When specifying an **Available Amount (LCY)** in the **Suggest Vendor Payments** batch job, Microsoft Dynamics NAV 2009 does not automatically calculate the following when suggesting the amounts to pay:

- Payment tolerance
- Payment discount tolerance

This lesson contains a demonstration of using vendor priorities with specified available amounts. To provide a controlled demonstration environment, only two vendors are included. Typically when you are using vendor priority, specific vendors are not filtered.

### Demonstration: Use Vendor Priority and Available Amounts

To achieve the results noted in this demonstration, Lab 6.1 must be completed.

**Scenario:** On the twenty-fifth of each month, April, the accounts payable coordinator, pays all open vendor invoices. This month, however, there is a limited fund issue because of previous holiday expenses. The accountant has informed April to use vendor priority to allocate the 92,000 available for payments.

April learns that vendor 10000 has Priority 1 and vendor 20000 has Priority 2. The following table shows the ledger entries that are ready for payment this month.

Vendor	Document No.	Due Date	Amount
10000	5578	01/18/10	-24,156.97
	5672	01/19/10	-57,976.72
	108019	01/31/10	-8,245.76
	108023	01/31/10	-15,846.00
20000	108017	12/31/09	-1,535.63
	108025	01/31/10	-1,368.90

Because of the limited funds, April also decides to search for available discounts when running the **Suggest Vendor Payments** batch job.

### Steps: Use Vendor Priority and Available Amounts

To run the Suggest Vendor Payments batch job using vendor priority and available amounts, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. Click **Suggest Vendor Payments**.
3. In the **Last Payment Date** field, enter 01/31/10.
4. Click the **Find Payment Discounts** check box to insert a check mark.
5. Click to remove the check mark in the **Summarize per Vendor** check box.
6. Click the **Use Vendor Priority** check box to insert a check mark.
7. In the **Available Amount (LCY)** field, enter 92000.
8. In the **Posting Date** field, enter 01/25/10.
9. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
10. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
11. Click **OK**.
12. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.

13. On the **Vendor** FastTab, set a filter for the No. line, enter 10000..20000.
14. Click **OK**.
15. Click **OK** to the message that suggested vendor payment lines for all currencies have been created.

The batch job suggests payments totaling less than 92,000 LCY. The following table shows how Microsoft Dynamics NAV 2009 applied the vendor priority rules to suggest the payments in the demonstration.

Vendor by Priority	Document Number	Amount	Available Amount (LCY)	Remaining Available Amount (LCY)	Payment Line
10000	5578	-24,156.97	-92,000	-67,843.03	Yes
	5672	-57,976.72	-67,843.03	-9,866.31	Yes
	108019	-8,245.76	-1,620.55		Yes
	108023	-15,846.00	-1,620.55		No
20000	108017	-1,535.63	-1,620.55	-84.92	Yes
	108025	-1,368.90	-198.68		No

To demonstrate how priority affects the suggested payments, the following steps show what occurs if a change is made to the priority of the two vendors.

1. Delete all the Payment Journal lines.
2. In the Payables folder, click Vendors.
3. Locate and select vendor 10000.
4. Click the **Payments** FastTab.
5. In the **Priority** field, enter 2.
6. Click **OK**.
7. Locate and select vendor 20000.
8. In the **Priority** field, enter 1
9. Click **OK** to close the **Vendor Card** window.
10. In the Payment Journal, click **Suggest Vendor Payments**.
11. On the **Options** FastTab, use the same settings as in the previous steps.
12. Verify that the same vendor filter is still set on the **Vendor** FastTab.

13. Click **OK**.
14. Click **OK** to the message that suggested vendor payment lines for all currencies have been created.

The batch job again suggests payments totaling less than 92,000 LCY. The same rules still apply, but the vendor priority changes the invoices suggested for payment, as shown in the following table.

Vendor by Priority	Document Number	Amount	Available Amount (LCY)	Remaining Available Amount (LCY)	Payment Line
20000	108017	-1,535.63	-92,000	-90,464.37	Yes
	108025	-1,368.90	-90,464.37	-89,095.47	Yes
10000	5578	-24,156.97	-89,095.47	-64,938.50	Yes
	5672	-57,976.72	-64,938.50	-6961.78	Yes
	108019	-8,245.76	-6961.78		No
	108023	-15,846.00	-6961.78		No

**NOTE:** The payments suggested by the batch job are listed by vendor order in the Payment Journal. They are not listed in order of vendor priority or the order they are suggested.

Do not delete the suggested vendor payment lines for vendors 10000 and 20000. These entries are used in the Print Computer Checks demonstration.

### Test Your Knowledge: Suggest Vendor Payments

1. What happens when the **Summarize per Vendor** check box is checked when you are running the **Suggest Vendor Payments** batch job?

---

---

---

---

2. If your company has a fixed amount available to pay vendor invoices, how do you pay these vendors in Microsoft Dynamics NAV 2009? Explain the setup for the vendors and the **Suggest Vendor Payments** batch job.

---

---

---

---

### Print and Post Payables Checks

The processes of printing and posting checks, for both suggested payments and manually entered payments.

Check printing is affected based on the settings in the **Document No.** and **One Check per Vendor per Document** fields on the Suggest Vendor Payment batch job.

#### Computer Check Printing

Computer checks are printed using the **Check** report, accessed from the Payment Journal by clicking **Print Check**.



The **Check** report contains two FastTabs:

- Options
- Gen. Journal Line

The screenshot shows the 'Check' report window. The 'Options' FastTab is active, displaying the following fields and controls:

- Bank Account: [Dropdown menu]
- Last Check No.: [Text box]
- One Check per Vendor per Document No.:
- Reprint Checks:
- Test Print:
- Preprinted Stub:

The 'Gen. Journal Line' FastTab is also visible, showing the following filters:

- Where Journal Template Name is PAYMENT
- And Journal Batch Name is BANK
- And Posting Date is Enter a value

Buttons at the bottom include 'Print', 'Preview', and 'Cancel'.

FIGURE 6.5 CHECK

The **Options** FastTab is used to determine how the batch job is executed and contains the following fields:

- **Bank Account** - the bank account that the printed checks are drawn from.
- **Last Check No.** - automatically updated with the last check number that is used for the selected bank account. Notice that this field is not updated if the **Last Check No.** field is not populated on the selected bank account's card.
- **One Check per Vendor per Document No.** - if this field is selected, only one check for each vendor, for each document number, is printed.
- **Reprint Checks** - if printed checks have to be reprinted before you post, click to insert a check mark to reprint the checks.

---

*NOTE: If reprinting checks, you may need to update the **Last Check No.** field.*

---

- **Test Print** - if this field is selected, the checks are printed on blank paper.
- **Preprinted Stub** - if this field is selected, it will indicate that check forms with preprinted stubs are used.

The **Gen. Journal Line** FastTab is populated with the journal name and batch. Additional filters can be added in a blank line.

### Demonstration: Print Computer Checks

**Scenario:** In the "Use Vendor Priority and Available Amount" demonstration, April ran the Suggest Vendor Payments batch job for vendors 10000 and 20000. April now prints those checks using the World Wide operating bank account. For the purposes of this demonstration, the checks are printed to a file that is named Checks 012510.

### Steps: Print Computer Checks

To print computer checks, follow these steps:

1. In the **Payment Journal** with the checks ready to print, click **Print Check**.
2. In the **Bank Account** field, click the drop-down list and select WWB-OPERATING.
3. Press **TAB**, the **Last Check No.** field is populated with the last check number that is used for the World Wide operating bank account.
4. Select the **One Check per Vendor per Document No.** check box.
5. Click **Print**.
6. In the **Check - Print** window, click the **Print to file** check box to insert a check mark.
7. Click **OK**.
8. In the **Output File Name** field, enter Checks 012510.
9. Click **OK**.

The printed check lines have been updated, and depending on the printing setup, images of the printed checks may appear in the **Microsoft Office Document Imaging** window.

Review the printed checks (if applicable) and check lines:

- If the printed check images appear, notice that:
  - One check is printed for each vendor.
  - Document numbers and amounts of the entries are individually displayed on the check stubs.
- On the check lines in Microsoft Dynamics NAV 2009, notice that:
  - The **Document No.** field is updated with the next check numbers from the selected bank account.

- A balancing bank account entry is inserted for each vendor payment for the full amount of the payment.
- The **Bank Payment Type** on the suggested lines is blank and the balancing bank account entry line is populated with Computer Check.

---

***NOTE:** To prevent conflicts with future processing in the CRONUS International Ltd. database, change the vendor Priority back to 1 for vendor 10000 and 2 for vendor 20000.*

---

### **Demonstration: Manually Enter and Print a Computer Check**

In this demonstration, a computer check is manually added to the Payments Journal and then printed.

**Scenario:** April has 6961.78 still available for payments. She reviews her Aged Accounts Payable report and notices that vendor 30000 has an outstanding invoice in the amount of 3638.00 that can be included in this check run. She decides to manually enter the payment line and then print the check.

The Payment Journal still contains the four suggested payment lines and two balancing bank account lines from the "Print Computer Checks" demonstration.

### **Steps: Manually Enter and Print a Computer Check**

To manually enter the check, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journal**.
2. Click the blank line under the balancing bank account entry line for vendor 20000.
3. In the **Posting Date** field enter 01/30/10
4. In the **Account Type** field, click the drop-down list and select Vendor.
5. In the **Account No.** field, enter 30000.
6. Click **Apply Entries**.
7. Click the line for **Document No.** 108026.
8. Click **Set Applies-to ID**.
9. Click **OK**. In the Payment Journal, the **Amount** field is updated with the invoice amount.
10. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.

To print a manually-entered computer check, follow these steps:

1. With the new check line still selected, click **Related Information**, point to **Payments**, and then select **Print Check**.
2. Select the world wide operating bank account.
3. Click **Print**.
4. In the **Check - Print** window, click the **Print to file** check box to insert a check mark.
5. Click **OK**.
6. In the **Output File Name** field, enter Checks 012508\_1.
7. Click **OK**.
8. If the printed check appears in the **Microsoft Office Document Imaging** window, review and then close the window.

A balancing entry is not required for this new line because the entry was applied separately.

### Document Numbers and Computer Check Printing

In Microsoft Dynamics NAV 2009, the number of checks to print and the amount of each check is determined by the:

- Selection of the **One Check per Vendor per Document** field in the Check report.
- Contents of the **Document No.** field in the **Payment Journal** window.

These fields affect one another, based on how entries are created in the following ways: **Document No.** in the Payment Journal, with and without summarizing by vendor.

- **One Check per Vendor per Document No.** field in the Check report.

When you are using the Suggest Vendor Payments batch job to populate the Payment Journal, the system specifies a **Starting Document No.** The following table displays the results when the batch job is run without selecting the **Summarize per Vendor** check box.

Number of Vendors	Starting Document No. field	Result in the Payment Journal Window
One Vendor	Empty	One payment line for each open vendor ledger entry for the vendor. Each payment line: <ul style="list-style-type: none"> <li>• Is applied to the related open vendor ledger entry.</li> <li>• Has an empty <b>Document No.</b> field.</li> </ul>
One Vendor	Contains a document number	One payment line for each open vendor ledger entry for the vendor. Each payment line: <ul style="list-style-type: none"> <li>• Is applied to the related open vendor ledger entry.</li> <li>• With the same currency has the same <b>Document No.</b></li> </ul>
Multiple Vendors	Empty	One payment line for each open vendor ledger entry for each vendor. Each payment line: <ul style="list-style-type: none"> <li>• Is applied to the related open vendor ledger entry</li> <li>• Has an empty Document No. field.</li> </ul>
Multiple Vendors	Contains a document number	One payment line for each open vendor ledger entry for each vendor. Each payment line: <ul style="list-style-type: none"> <li>• Is applied to the related open vendor ledger entry.</li> <li>• For the same vendor, with the same currency, has the same <b>Document No.</b></li> </ul>

If the **Summarize per Vendor** check box contains a check mark on the Suggest Vendor Payments batch job, the payment lines are populated as shown in the following table.

Number of Vendors	Starting Document No. field	Result in the Payment Journal Window
One Vendor only	Contains a document number	One payment line for each currency, summarize the open vendor ledger entries with the same currency. Each payment line: <ul style="list-style-type: none"><li data-bbox="813 590 1365 653">• Is applied to the related open vendor ledger entries.</li><li data-bbox="813 667 1300 730">• Has a different currency and different <b>Document No.</b></li></ul>
Multiple Vendors	Contains a document number	For each vendor, one payment line for each currency summarize the open vendor ledger entries with the same currency. <ul style="list-style-type: none"><li data-bbox="813 867 1422 930">• Each payment line is applied to the related open vendor ledger entries.</li><li data-bbox="813 945 1341 1008">• For each vendor, each payment line has a different currency and different <b>Document No.</b></li></ul>

---

***NOTE:** If you add a check mark in the **New Doc. No. per Line** check box and enter a document number in the **Starting Document No.** field, each suggested payment line has a different **Document No.***

---

There are two options when printing checks, either:

- Print a check for each payment line.
- Sum payment lines into a single check.

The following table shows how the **One Check per Vendor per Document No.** field and **Document No.** field together affect how payment lines are created and therefore printed, based on the assumption that the payment lines are in the same currency as the bank account contained in the **Bal. Account No.** field.

<b>One Check per Vendor per Document No. field</b>	<b>Document No. in Payment Journal window</b>	<b>Number and Amount of Checks Printed</b>
Empty	Blank	A check is printed for each payment line. If any payment line contains a negative amount, an error occurs and the program does not print checks for the remaining payment lines after the negative amount.
Empty	Contains a document number	A check is printed for each payment line. If any payment line contains a negative amount, an error occurs and the program does not print checks for the remaining payment lines after the negative amount.
Contains a check mark	Blank	<p>One check for each vendor is printed. For each vendor:</p> <ul style="list-style-type: none"> <li>• The amount of the check is the net amount of all the payment lines for that vendor.</li> <li>• The balancing bank account on all payment lines is cleared and a new payment line is created for the net amount.</li> <li>• The Account No. for the new payment line is the balancing bank account.</li> </ul>
Contains a check mark	Contains a document number	<p>One check for each vendor, for each document number is printed. For each vendor:</p> <ul style="list-style-type: none"> <li>• The amount of each check is the net amount of the payment lines with the same <b>Document No.</b></li> <li>• The balancing bank account on payment lines with the same <b>Document No.</b> is cleared and a new payment line is created for the net amount.</li> <li>• The <b>Account No.</b> for the new payment line is the balancing bank account.</li> </ul>

### Post the Payment Journal

The Payment Journal is posted after:

- Manual checks are entered.
- Computer checks are printed.

Remember to verify that all checks have printed correctly before posting the journal.

### Demonstration: Post the Payment Journal

**Scenario:** Now that all checks have been successfully printed, April posts the Payment Journal.

The **Payment Journal** is still populated with the payment entries for vendors 10000, 20000, and 30000 from the previous demonstrations.

### Steps: Post the Payment Journal

To post the payment journal with printed checks, follow these steps:

1. On the Navigation Pane, click the **Department** button, click **Financial Management**, click **Payables**, and then select **Payment Journal**.
2. Click **Post**.
3. Click **Yes** to post the journal lines.
4. Click **OK**.
5. Close the **Payment Journal** window.



## Lab 6.2 - Suggest, Print, and Post a Vendor Payment

### Scenario

Vendor 10000, London Postmaster, is paid on the twenty-fifth of each month for all open ledger entries through the end of the month. As the accounts payable coordinator, it is your responsibility to generate, print, and post the payment.

On January 25, 2010, run the Suggest Vendor Payments batch job for vendor 10000 for all payments due by January 31, 2010. Look for payment discounts and ensure that vendor priority is not included.

You notice that invoice 108023 in the amount of 15,846.00 was suggested. This invoice is in dispute. Therefore, you remove it from the lines and then print the remaining check(s) to a file that is named Lab 6.2. Post the payment journal after the check is printed.

### Challenge Yourself!

1. Run the Suggest Vendor Payment batch using the criteria specified in the scenario.
2. Print checks using the criteria specified in the scenario.
3. Post the journal.

### Need a Little Help?

1. Open the **Payment Journal** window.
2. Run the Suggest Vendor Payment batch using the criteria specified in the scenario.
3. Open the Check report and print checks based on the criteria specified in the scenario.
4. Post the journal.

### Step by Step

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then click **Payment Journals**.
2. Click **Suggest Vendor Payments**.
3. In the **Last Payment Date** field, enter 01/31/10.
4. Ensure that the vendor priority fields are empty.
5. In the **Posting Date** field, enter 01/25/10.
6. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.

7. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
8. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
9. On the **Vendor** FastTab, make sure the filter in the No. line, is set to 10000.
10. Click **OK**.
11. Click **OK** to the message that suggested vendor payment lines for all currencies have been created.
12. Click the line for the Payment of Invoice 108023 and click **Actions** and then click **Delete**.
13. Click **Yes** to delete the line.
14. Click **Print Check**.
15. In the **Bank Account** field, click the drop-down list and select WWB-OPERATING.
16. Click **TAB**.
17. If there are multiple invoices for payment, add a check mark in the **One Check per Vendor per Document No.** check box. Otherwise, this check box must be empty.
18. Click **Print**.
19. In the **Check - Print** window, click the **Print to file** check box to insert a check mark.
20. Click **OK**.
21. In the **Output File Name** field, enter Lab 6.2.
22. Click **OK**.
23. Click **Post**.
24. Click **Yes** to post the journal lines.
25. Click **OK**.
26. Close the **Payment Journal** window.

## Void Unposted Checks

Before posting, if a printed check must be deleted or reprinted, you can void it in the Payment Journal. After voiding, you can delete or reprint the payment line(s) from the journal. One reason a check might be reprinted is if a printing error occurs.

### Void Printed Checks

To void a single printed but unposted check, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. In the **Batch Name** field, click the drop-down list and select the appropriate batch.
3. Click **OK**.
4. In the Payment Journal lines, click the line for the check to be voided.
5. Click **Void Check**.
6. Click **Yes** to the message that asks to void the check.

The check is voided and you can delete or reprint it from the Payment Journal.

To void all printed but unposted checks in a batch, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. In the **Batch Name** field, click the drop-down list and select the appropriate batch.
3. Click **OK**.
4. Click **Related Information**, point to **Payments**, and then select **Void All Checks**.
5. Click **Yes** to the message that asks to void all checks.

All checks are voided and you can then delete or reprint them from the

### Reprint Voided Checks

When you print checks, the **Last Check No.** in the Check report is updated automatically with the last printed check number. When you reprint checks, ensure that the correct check number will be used. For example, if the check number has to be 206, then enter 205 in this field.

To reprint a single voided check, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. Select the relevant batch.
3. Click the line with the voided check.
4. Click **Print Check**.
5. Update the **Last Check No.**
6. Click to insert a check mark in the **Reprint Checks** check box.
7. Click **Print**.

## Lab 6.3 - Void a Check

### Scenario

On February 1, invoice 108023 in the amount of 15,846.00 for vendor 10000 is approved for payment. After the Suggest Vendor Payments batch job for vendor 10000 is run, the check is printed to a file that is named Lab 6.3.

Before the check is posted, the inventory manager informs you that there is still a problem and this invoice cannot yet be paid. Void and delete the payment line.

### Challenge Yourself!

1. Run the Suggest Vendor Payment batch using the criteria specified in the scenario.
2. Print the check based on the criteria specified in the scenario.
3. Void the check based on the criteria specified in the scenario.

### Need a Little Help?

1. Open the Payment Journal window.
2. Run the Suggest Vendor Payment batch using the criteria specified in the scenario.
3. Open the Check report and print the check based on the criteria specified in the scenario.
4. Void the check based on the criteria specified in the scenario.

### Step by Step

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. Click **Suggest Vendor Payments**.
3. In the **Last Payment Date** field, enter 01/31/10.
4. Make sure that the vendor priority fields are empty.
5. In the **Posting Date** field, enter 02/01/10.
6. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
7. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
8. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
9. Click **OK**.
10. Click **OK** to the message that suggested vendor payment lines for all currencies have been created.

11. Click **Print Check**.
12. In the **Bank Account** field, click the drop-down list and select WWB-OPERATING.
13. Press **TAB**.
14. Make sure that the **One Check per Vendor per Document No.** check box does not contain a check mark.
15. Click **Print**.
16. In the **Check - Print** window, click the **Print to file** check box to insert a check mark.
17. Click **OK**.
18. In the **Output File Name** field, enter Lab 6.3.
19. Note the check number.
20. Click **Void Check**.
21. Click **Yes** to void the check.
22. Click **Actions** and then click **Delete**.
23. Click **Yes** to delete the line.
24. Close the **Payment Journal** window.

## Apply Payments after Posting

When you post a payment or credit memo without applying it to an open vendor ledger entry, you can apply it later from the **Vendor Ledger Entries** window.

### Demonstration: Apply a Payment after Posting

**Scenario:** On January 31, 2010, a manual check was sent to vendor 30000, CoolWood Technologies, in the amount of 70,860.66. April, the accounts payable coordinator, manually posts check number 1205 to the vendor account without applying it to a particular invoice.

Some days later, she finds out this payment has to be applied to **Document No.** 12345.

### Steps: Apply a Payment after Posting

To manually post the check, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. Make sure that the Bank batch is selected.
3. In the **Posting Date** field, enter 01/31/10.
4. In the **Document Type** field, click the drop-down list and select Payment.
5. In the **Document No.** field, enter 1205.
6. In the **Account Type** field, click the drop-down list and select Vendor.
7. In the **Account No.** field, enter 30000.
8. In the **Amount** field, enter 70860.66.
9. Ensure that the WWB-OPERATING bank account is selected.
10. In the **Bank Payment Type** field, click the drop-down list and select Manual Check.
11. Click **Post**.
12. Click **Yes** to post the journal lines.
13. Click **OK**.
14. Close the **Payment Journal** window.

To apply the posted payment to the open invoice, follow these steps:

1. In the Payables folder, click **Vendors**.
2. Locate and select vendor account 30000.
3. Click **Ledger Entries**.
4. Click the payment line dated 01/31/10 in the amount of 70,860.66.
5. Click **Actions**, point to **Function**, and then select **Apply Entries**.

6. Notice that:
  - The **General** FastTab in the header is populated with the payment information.
  - The payment line is removed from the lines so that it cannot be selected as an applied-to entry.
7. In the lines, click the line for **Document No.** 12388 in the amount of -105,952.82.
8. Click **Set Applies-to ID**.
9. Notice that the **Balance** field at the bottom of the window displays -35,092.16. This is the remaining amount.

To post the application, follow these steps:

1. Click **Post Application**.
2. Click **OK** without changing the fields.
3. Click **OK** to the message that the application was posted.
4. Close the **Apply Vendor Entries** and **Vendor Ledger Entries** windows.



## Lab 6.4 - Apply a Credit Memo after Posting

### Scenario

On January 10, 2010, credit memo 109001 was posted for vendor 30000, CoolWood Technologies. The order processor tells you that this credit memo has to be applied to Document No. 12388.

### Challenge Yourself!

Apply the credit memo as specified in the scenario.

### Need a Little Help?

1. Open the **Apply Vendor Entries** window for vendor 30000.
2. Set the credit memo as the applying entry.
3. Apply the invoice to the credit memo.

### Step by Step

1. On the Navigation Pane, click the **Department** button, click **Financial Management**, click **Payables**, and then select **Vendors**.
2. Locate and select vendor 30000.
3. Click **Ledger Entries**.
4. Click the credit memo line dated 01/14/10 in the amount of 35,430.00.
5. Click **Actions**, point to **Functions**, and then **Apply Entries**.
6. In the lines, click the line for **Document No.** 12388, with the remaining amount of -35,092.16.
7. Click **Set Applies-to ID**.
8. Click **Post Application**.
9. Click **OK** without changing the fields.
10. Click **OK** to the message that the application was posted.
11. Close the **Vendor Ledger Entries** window.

## Unapply Vendor Ledger Entries

The Unapply Vendor Ledger Entries functionality allows you to reverse entries while ensuring that the correct application is processed. This functionality is available from two windows:

- **Vendor Ledger Entries**
- **Detailed Vendor Ledge. Entries**

Unapplying posted applications allows you to reopen the closed vendor ledger entries. All G/L postings that may have derived from an incorrect application, such as payment discounts and currency gains/losses, are also corrected when an entry is unapplied.

It is only possible to unapply from the bottom up. Therefore, if an entry is applied by more than one application entry, the last application entry must be unapplied first.

### Unapply a Ledger Entry

To unapply a ledger entry from the **Vendor Ledger Entries** window, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables** and then select **Vendors**.
2. Locate and select the vendor to unapply entries.
3. Click **Ledger Entries**.
4. Click the line with the entry to unapply.
5. Click **Actions**, point to **Functions** and then select **unapply Entries**. The **Unapply Vendor Entries** window shows the original detailed ledger entries that can be used to unapply the original entry.
6. Click the line with the corresponding entry to unapply.
7. Click **Unapply**.
8. Click **Yes** to unapply the entries. When the entry is unapplied, a new entry is created that has an opposite sign in the **Amount** field.
9. Click **OK** to the message that the entries were unapplied.
10. In the **Vendor Ledger Entries** window, review the unapplied entries:
  - The **Remaining Amount** field contains the relevant unapplied amount.
  - The **Open** check box is checked to indicate that the unapplied entries are open.

It is now possible to apply the open amount to the correct entry by using the Apply Vendor Entries functionality.

## Lab 6.5 - Unapply a Payment

### Scenario

In Lab 6.4, credit memo 109001 for vendor 30000 was applied to Document No. 12388. Later you are informed that this credit memo was applied in error and has to be unapplied because it must remain open.

### Challenge Yourself!

Unapply the credit memo as specified in the scenario.

### Need a Little Help?

1. Open the **Unapply Vendor Entries** window for vendor 30000.
2. Unapply the credit memo from the invoice.

### Step by Step Solution

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables** and then select **Vendors**.
2. Locate and select vendor 30000.
3. Click **Ledger Entries**.
4. Click the line for credit memo 109001.
5. Click **Actions**, point to **Functions** and then select **Unapply Entries**.
6. In the **Unapply Vendor Entries** window, with the credit memo line selected, click **Unapply**.
7. Click **Yes** to unapply the entries.
8. Click **OK** to the message that the entries were unapplied.
9. In the **Vendor Ledger Entries** window, notice that both credit memo 109001 and Document No. 12388 have remaining amounts.
10. Close the **Vendor Ledger Entries** and **Vendor Card** windows.

## Reversal of Journal Postings

In Microsoft Dynamics NAV 2009, incorrect vendor ledger entries posted from a journal, such as the Purchase Journal or Payment Journal, can be reversed to correct the entries.

The following are conditions of using the reversal functionality:

- Entries must be generated from a general journal line or from a previous reversal.
- Vendor Ledger Entries cannot be applied.
- Bank Ledger Entries must not be closed by reconciliation.
- The total amount of G/L Entries must equal zero.

Before reversing an applied vendor ledger entry, the entry must be unapplied.

During the reversal process, correcting entries with the same document number and posting date as the original entry are created and posted for each line in the entry. After reversing an entry, the correct entries are entered and posted manually.

This lesson describes how to reverse posted vendor ledger entries.

### Reverse a Posted Journal Entry

To reverse a journal posting, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables** and then select **Vendors**.
2. Locate and select the relevant vendor.
3. Click **Ledger Entries**.
4. Unapply entries that have been applied to the entry to reverse.
5. Click the relevant entry to reverse.
6. Click **Actions**, point to **Functions** and then select **Reverse Transaction**. The **Reverse Transaction Entries** window displays the posted entries connected by the same transaction number.
7. Click **Reverse**.
8. Click **Yes** to reverse the entries.
9. Click **OK** to the message that the entries were reversed.
10. In the **Vendor Ledger Entries** window, review the original and reversed entries:
  - A new entry that reverses the selected posted entry appears.
  - The **Remaining Amount** field for both entries is a zero amount.
  - The **Open** field does not contain a check mark that indicates that both entries are closed.

## Lab 6.6 - Reverse a Posted Journal Entry

### Scenario

When beginning balances were posted on 12/31/09 for vendor 01254796, an error was entered for Document No. 2344. The numbers were transposed, therefore the incorrect amount of 107,717.23 was posted instead of the correct amount of 107,177.23.

Cassie, the accountant, asks you to make the reversing entry and she will later post the correction.

---

*NOTE: This vendor's currency is USD. To view the vendor ledger entry amounts in local currency, show the amount columns with LCY.*

---

### Challenge Yourself!

Reverse the posted journal entries as specified in the scenario.

### Need a Little Help?

1. Open the **Vendor Ledger Entries** window for vendor 30000.
2. Open the **Reverse Transaction Entries**.
3. Reverse the entries.

### Step by Step Solution

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables** and then select **Vendors**.
2. Locate and select vendor 01254796.
3. Click **Ledger Entries**.
4. With Document No. 2344 selected, click **Actions**, point to **Functions** and then select **Reverse Transaction**.
5. In the **Reverse Transaction Entries** window, click **Related Information**, point to **Reversing** and then select **Reverse**.
6. Click **Yes** to reverse the entries.
7. Click **OK** to the message that the entries were reversed.
8. In the **Vendor Ledger Entries** window, review the original and reversed entries.
9. Close the **Vendor Ledger Entries** and **Vendor Card** windows.

## Set up Payment Discounts

Payment discounts are granted by vendors as an incentive for their customers to quickly pay their outstanding amounts fully.

A payment discount can be specified when the purchase order or invoice is posted, or added to a posted vendor ledger entry before posting payments

### Determine Payment Discount Calculations on Amounts

The G/L Accounts for payment discounts must be set up differently, that depends on whether payment discounts are calculated on amounts:

- Including VAT
- Excluding VAT

The set up is determined by the fields selected in the **General Ledger Setup** window:

- Pmt. Disc. Excl. VAT
- Adjust for Payment Disc.

The set up of each payment discount method is explained in this lesson.

---

***NOTE:** In the **General Ledger Setup** window, the **Pmt. Disc. Excl.** and the **VAT Adjust for Payment Disc.** check boxes are mutually exclusive. This means that only one can contain a check mark. However, both can be empty at the same time.*

*Therefore, payment discount accounts cannot be entered in the **Vendor Posting Groups** window if the **Adjust for Payment Disc.** check box contains a check mark. Similarly, payment discount accounts cannot be entered in the **General Posting Setup** window if the **Pmt. Disc. Excl. VAT** check box contains a check mark.*

---

### Set up Payment Discounts Calculated on Amounts Excluding VAT

To set up payment discounts calculated on amounts excluding VAT, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, click **General Ledger Setup**.

2. Add a check mark in the **Pmt. Disc. Excl. VAT** check box to calculate payment discounts on:
  - The **Amount** field in Purchase documents.
  - The **Sales/Purch. (LCY)** field in General Journals.
3. Leave the **Pmt. Disc. Excl. VAT** check box unchecked to calculate payment discounts on:
  - The **Amount Including VAT** field in Purchase documents.
  - The **Amount** field in General Journals.
4. Close the **General Ledger Setup** window.

---

***NOTE:** If journals are used to enter purchase transactions and the **Pmt. Disc. Excl. VAT** check box contains a check mark, an amount must be entered in the **Sales/Purch. (LCY)** field in the journal. If an amount is not entered, the payment discount is 0.*

---

If the **Pmt. Disc. Excl. VAT** check box contains a check mark, the following two payment discount accounts must be set up in the **Vendor Posting Group** windows:

- **Payment Disc. Debit Acc.** - G/L account that is used to post reductions in payment discount amounts when posting purchase payments for the selected Vendor Posting Group.
- **Payment Disc. Credit Acc.** - G/L account that is used to post granted payment discount amounts when posting purchase payments for the selected Vendor Posting Group.

To set up the payment discount accounts for Vendor Posting Groups, follow these steps:

1. In the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Posting Groups** and then select **Vendor Posting Groups**.
2. For each Vendor Posting Group using payment discounts:
3. In the **Payment Disc. Debit Acc.** field, click the field and select the correct payment discount account.
4. In the **Payment Disc. Credit Acc.** field, click the field and select the correct payment discount account.
5. Close the **Vendor Posting Group** window.

### **Set up Payment Discounts Calculated on Amounts Including VAT**

If payment discounts are calculated on amounts including VAT. Then VAT recalculations may have to be made if the payment discount is taken.

To set up the program to recalculate tax amounts when payment discounts are posted, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, click **General Ledger Setup**.
2. Add a check mark in the **Adjust for Payment Disc.** field to enable the feature.
3. Close the **General Ledger Setup** window.
4. On the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **VAT Posting Group** and then select **VAT Posting Setup**.
5. For each relevant VAT Posting Group combination, add a check mark in the **Adjust for Payment Discount** field.
6. Close the **VAT Posting Setup** window.

If the **Adjust for Payment** check box contains a check mark, the following two payment discount accounts must be set up in the **General Posting Setup** window.

- **Purch. Pmt. Disc. Debit Acc.** - G/L account that is used to post reductions in payment discount amounts when posting payments for purchases with the selected combination of general business and product posting groups.
- **Purch. Pmt. Disc. Credit Acc.** - G/L account that is used to post payment discount amounts given by vendors when posting payments for purchases with the selected combination of general business and product posting groups.

To set up the payment discount accounts in the **General Posting Setup** window, follow these steps:

1. In the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Posting Groups** and then select **General Posting Setup**.
2. Click **New**.
3. In the Purchases FastTab, for general posting group combination using payment discounts:
4. In the **Purch. Pmt. Disc. Debit Acc.** field, click the drop-down list and select the correct payment discount account.
5. In the **Purch. Pmt. Disc. Credit Acc.** field, click the drop-down list and select the correct payment discount account.
6. Close the **General Posting Setup** card.



## Payment Terms with Discounts

Payment discounts granted to vendors are determined by the **Payment Terms Code** set up on the vendor card and/or entered in the purchase order or invoice header.

To access the **Payment Terms** window, on the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **Payment Terms**.

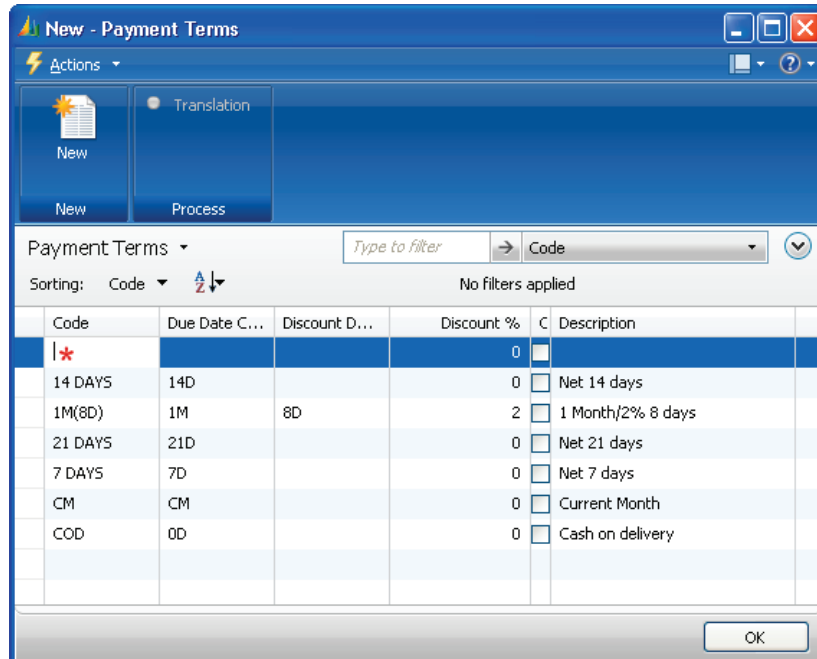


FIGURE 6.6 PAYMENT TERMS

The only Payment Term currently set up with discount capabilities is 1M(8D). This Payment Term is set up as follows:

- Payments are due within one month of the Document Date specified on the posted invoice.
- If Payments are generated within eight days of the Document Date specified on the posted invoice, a 2 percent discount is available.
- A payment discount cannot be calculated on credit memos with this payment term because the **Calc. Pmt. Disc. on Cr. Memos** check box does not contain a check mark.

### Set Up Payment Terms on Vendors and Documents

When payment discounts have been offered by specified vendors, Payment Terms are set up on the Vendor Card. Then, when a purchase order or invoice is created:

- Payment terms are transferred to the header.
- Applicable discount terms are automatically applied to the order or invoice during posting.

To set up Payment Terms on vendors, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Vendors**.
2. Locate and select the vendor to assign a Payment Term.
3. Click the **Payments** FastTab.
4. In the **Payment Terms Code** field, click the drop-down list and select the relevant Payment Term.
5. Close the **Vendor Card**.

Alternatively, you can assign Payment Terms on the purchase order or invoice header if:

- Payment Terms are not specified on the vendor.
- A different term has to be assigned to a specific purchase order or invoice.

### Process Payment Discounts

In the Suggest Vendor Payments batch job, if the **Find Payment Discounts** check box:

- Contains a check mark , Microsoft Dynamics NAV 2009 suggests payments for:
  - All open entries that have a Due Date on or before the Last Payment Date.
  - Any open vendor ledger entry that has a **Pmt. Discount Date** between the **Posting Date** and the **Last Payment Date**.
- Does not contain a check mark, only those entries that have a **Due Date** on or before the **Last Payment Date** are suggested.

### Demonstration: Suggest Discounted Payment Lines

**Scenario:** On January 25, 2010, invoice number 55681 from vendor 40000, Lewis Home Furniture, is received in the amount of 298.13. The invoice is for nine wooden doors, item 70010.

This vendor has granted a 2 percent payment discount if the payment is received within eight days of the invoice.

On February 1, 2010, April runs the Suggest Vendor Payments batch job for this vendor with a last payment date of 02/15/10. The first time she runs the batch job, she forgets to add a check mark in the **Find Payment Discounts** and the payment is not suggested. She runs the batch job again and inserts a check mark in the **Find Payment Discounts** check box. The discounted payment is suggested.

### Steps: Suggest Discounted Payment Lines

To post the invoice, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Purchase Invoices**.
2. Click **New**.
3. In the **Buy-from Vendor No.** field, enter 40000.
4. Press **TAB**.
5. In the **Posting Date** field, enter 01/25/10.
6. In the **Vendor Invoice No.** field, enter 55681.
7. Click the **Invoicing** FastTab.
8. In the **Payment Terms Code** field, click the drop-down list and select 1M(8D).
9. On the **Lines** FastTab, In the **Type** field, click the drop-down list and select Item.
10. In the **No.** field, enter 70010.
11. In the **Quantity** field, enter 6.
12. Click **Post**.
13. Click **Yes** to post the invoice.

To Suggest Vendor Payments without finding discounts, follow these steps:

1. In the Navigation Pane click Payables and then select **Payment Journal**.
2. Ensure that the Bank batch is selected.
3. Click **Suggest Vendor Payments**.
4. Click the **Options** FastTab, in the **Last Payment Date** field, enter 02/15/10.
5. Ensure that the **Find Payment Discounts** check box does not contain a check mark.
6. In the **Posting Date** field, enter 02/01/10.
7. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.

8. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
9. Click **OK**.
10. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
11. On the **Vendor** FastTab, in the **Filter** field for the No. line, enter 40000.
12. Click **OK**.

Notice that the payment is not suggested. Because the invoice is not technically due until 02/25/10, it is not suggested because the **Find Payment Discount** check box did not prompt Microsoft Dynamics NAV 2009 to search for possible discounts before the due date.

To Suggest Vendor Payments with discounts, follow these steps:

1. Click **Suggest Vendor Payments**.
2. Ensure that the vendor filter is still set.
3. Click to insert a check mark in the **Find Payment Discounts** check box.
4. Click **OK**.
5. Click **Yes** to the message that suggested vendor payment lines for all currencies have been created.

The payment amount suggested is 194.77. The original invoice amount was 198.75 The 2 percent discount of 3.98 was subtracted from the payment amount because the Posting Date is within the payment discount range.

To verify the discount, follow these steps:

1. On the payment line, click the **Applies-to Doc. No.** field.
2. Click the drop-down list to open the **Apply Vendor Entries** window.
3. Review the amount fields at the bottom of the window.
4. Close the **Apply Vendor Entries** window.

For the purposes of the "Suggest Payment Lines without a Discount" demonstration, delete the payment line.

### **Demonstration: Suggest Payment Lines without a Discount**

**Scenario:** On February 15, 2010, April runs the Suggest Vendor Payments batch job to find discounts for all payments due on or before February 29, 2008.

She reviews the payment for vendor 40000. Because the payment was not suggested within the payment discount date, the discount was not applied to the payment.

### Steps: Suggest Payment Lines without a Discount

To Suggest Vendor Payments without discounts, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. Ensure that the Bank batch is selected.
3. Click **Suggest Vendor Payments**.
4. In the **Last Payment Date** field, enter 02/28/10.
5. Ensure that the **Find Payment Discounts** check box contains a check mark.
6. In the **Posting Date** field, enter 02/15/10.
7. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
8. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
9. Click **OK**.
10. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
11. Ensure that the vendor filter is still set to 40000.
12. Click **OK**.
13. Notice that the payment is for the full amount of the invoice: 198.75.

To verify the payment, follow these steps:

1. In the **Applies-to Doc. No.** field on the line, click the drop-down list.
2. Review the amount fields at the bottom of the window.
3. Close the **Apply Vendor Entries** window.

For the purposes of the "Adjust Payment Discounts" demonstration, delete the payment line.

### Adjust Payment Discounts

The following discount fields can be adjusted in the **Vendor Ledger Entries** or **Apply Vendor Entries** windows:

- **Pmt. Discount Date**
- **Remaining Pmt. Disc. Possible**

Payment discount dates and amounts can be adjusted when:

- The invoice was posted without discount information.
- The discount date has passed and the vendor approves of the date change.
- The discount amount was calculated incorrectly.

The "Adjust Payment Discounts" demonstration shows how invoices posted without discounts can be adjusted to allow discounts.

### Demonstration: Adjust Payment Discounts

**Scenario:** On February 3, 2010, April remembers to suggest vendor payments for vendor 40000. She realizes that the payment discount date has passed and calls the vendor, asking whether she can still take the discount. The vendor approves the discount as long as April sends the payment using overnight mail.

She changes the payment discount date on the vendor ledger entry and then runs the suggest vendor payment batch job again.

### Steps: Adjust Payment Discounts

To change the payment discount date on the vendor ledger entry, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Vendors**.
2. Locate and select vendor 40000.
3. Click **Ledger Entries**.
4. On the invoice line, click the **Pmt. Discount Date** field.
5. Click the field and enter 02/03/10.
6. Press **TAB** or **ENTER**.
7. Close the **Vendor Ledger Entries** and **Vendor Card** windows.

To run the Suggest Vendor Payments batch job, follow these steps:

1. In the Navigation Pane, click **Payables** and then click **Payment Journals**.
2. Ensure that the Bank batch is selected.
3. Click **Suggest Vendor Payments**.
4. In the **Last Payment Date** field, enter 02/28/10.
5. Ensure that the **Find Payment Discounts** check box contains a check mark.
6. In the **Posting Date** field, enter 02/03/10.
7. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.

8. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
9. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
10. Ensure that the vendor filter is still set to 40000.
11. Click **OK**.
12. Click **OK**.
13. Notice that the payment includes the 2 percent discount.

### Set Up Payment Tolerance

For payables, payment tolerances provide the ability to make payments to vendors that differ slightly from the invoiced amount. The features of using payment tolerance are the same for payables as they are for receivables.

In Microsoft Dynamics NAV 2009, there are two types of payment tolerance:

- **Payment Discount Tolerance:** allows for a payment discount even though the payment discount date has passed.
- **Payment Amount Tolerance:** accepts a slightly greater or smaller amount as full settlement of an outstanding invoice. In Microsoft Dynamics NAV 2009, payment amount tolerance is called Payment Tolerance.

Payment Tolerances are set up on the following windows:

- Vendor Card
- General Ledger Setup
- Chart of Accounts
- Vendor Posting Groups

### Set Up Payment Tolerance on Vendor Cards

As a default, payment tolerance is allowed for all vendors. This default can be changed on the Vendor Card.

To disable payment tolerances, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Vendors**.
2. Locate and select the vendor to disable payment tolerance.
3. Click the **Payments** FastTab.
4. Add a check mark in the **Block Payment Tolerance** check box.

5. A message is displayed that asks whether payment tolerance is to be removed from all open entries. Click either:
  - **Yes** to remove payment tolerance on open entries and restrict from future invoices.
  - **No** to maintain the payment tolerance on open entries but restrict from future invoices.

To enable a disabled payment tolerance, follow these steps:

1. Remove the check mark from the **Block Payment Tolerance** check box.
2. A message is displayed that asks whether payment tolerance is to be allowed for open entries. Click either:
  - **Yes** to allow payment tolerance on open entries and all future invoices.
  - **No** to prevent payment tolerances from being available on open entries but available on future invoices.

### Set Up Payment Tolerance on Vendor Cards

As a default, payment tolerance is allowed for all vendors. This default can be changed on the Vendor Card.

To disable payment tolerances, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Vendors**.
2. Locate and select the vendor to disable payment tolerance.
3. Click the **Payments** FastTab.
4. Add a check mark in the **Block Payment Tolerance** check box.
5. A message is displayed that asks whether payment tolerance is to be removed from all open entries. Click either:
  - **Yes** to remove payment tolerance on open entries and restrict from future invoices.
  - **No** to maintain the payment tolerance on open entries but restrict from future invoices.

To enable a disabled payment tolerance, follow these steps:

1. Remove the check mark from the **Block Payment Tolerance** check box.
2. A message is displayed that asks whether payment tolerance is to be allowed for open entries. Click either:
  - **Yes** to allow payment tolerance on open entries and all future invoices.
  - **No** to prevent payment tolerances from being available on open entries but available on future invoices.



## Set Up Payment Tolerance in General Ledger Setup

In the Vendor Card, payment tolerance is enabled or disabled for individual vendors. The companywide payment tolerance parameters are set up in the **General Ledger Setup** window. On the **Application** FastTab, specify:

- Tolerance warnings
- Tolerance percents and maximum amounts
- Tolerance grace periods
- Tolerance G/L posting types

To access these setup parameters, on the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, and then select **General Ledger Setup**. Open the **Application** FastTab.

The screenshot shows the 'Suggest Vendor Payments' dialog box. The 'Options' section includes the following fields and controls:

- Last Payment Date: [Dropdown menu]
- Find Payment Discounts:
- Summarize per Vendor:
- By Dimension: [Text field]
- Use Vendor Priority:
- Available Amount (LCY): [Text field] 0.00
- Posting Date: [Dropdown menu] 1/28/2010
- Starting Document No.: [Text field]
- New Doc. No. per Line:
- Bal. Account Type: [Dropdown menu] G/L Account
- Bal. Account No.: [Dropdown menu]
- Bank Payment Type: [Dropdown menu]

The 'Vendor' section includes the following controls:

- Show results:**
  - Where No. is Enter a value
  - And Payment Method Code is Enter a value
  - Add Filter
- Limit totals to:**
  - Add Filter

At the bottom of the dialog are 'OK' and 'Cancel' buttons.

FIGURE 6.7 GENERAL LEDGER SETUP - APPLICATION FASTTAB

For more information about the fields on the **Application** FastTab, refer to the "Set Up Payment Tolerance" lesson of the Receivables Management content or press **F1** to access online help.

## Set Up Payment Tolerance Percents and Maximum Amounts

To change either or both the maximum payment tolerance and the payment tolerance percentage and filter by currency, run the Change Payment Tolerance batch job, accessed from the **General Ledger Setup** window.

To run this batch job, follow these steps:

1. On the Navigation Pane, click the **Department** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **General Ledger Setup**.
2. Click **Actions**, point to **Functions**, and then select **Change Payment Tolerance**.
3. Add a check mark in the **All Currencies** check box to change the tolerance setup for both local and all foreign currencies.
4. If the tolerance setup is changed for a single currency, in the **Currency Code**, click the drop-down list and select the relevant currency.
5. In the **Payment Tolerance %** field, enter the percent the payment or refund can differ from the invoice or credit memo amount.
6. In the **Max. Pmt. Tolerance Amount** field, enter the maximum amount that the payment or refund can differ from the invoice or credit memo amount.
7. Click **OK**.
8. In the message that asks to change all open entries for unblocked customers or vendors, click **Yes** or **No** as necessary.

---

***NOTE:** To only grant payment discount tolerance or payment tolerance on new entries, click **No** when asked to update existing entries.*

---

## Set Up and Assign Payment Tolerance G/L Accounts

To post tolerance to a G/L account that is different from the usual payment discount account, the accounts must be created in the Chart of Accounts.

As soon as the accounts are set up, they must be assigned to the following fields on Vendor Posting Groups that allow payment tolerance:

- **Payment Tolerance Debit Acc.**
- **Payment Tolerance Credit Acc.**

---

***NOTE:** In CRONUS International Ltd., accounts 9170 and 9160 have already been set up and assigned to Vendor Posting Groups.*

---

### Demonstration: Set Up Payment Tolerance

**Scenario:** Cassie, the accountant at CRONUS International Ltd., is asked to set up payment tolerances for receivables and payables to manage differences caused by the increased usage of payment discounts.

It is decided to allow a 3 percent payment tolerance for payment amounts. However, the tolerance cannot exceed 200 (LCY).

There has also been a request to:

- Receive notification if payment discount tolerance or payment tolerance is possible.
- Use special accounts for tolerance postings.
- Allow a payment discount grace period of five days.

In this demonstration, the new payment tolerance is set up.

### Steps: Set Up Payment Tolerance

To set up the tolerance parameters, follow these steps:

1. On the Navigation Pane, click the **Department** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **General Ledger Setup**.
2. Open the **Application** FastTab.
3. Add a check mark in the **Pmt. Disc. Tolerance Warning** check box.
4. Ensure that the **Pmt. Disc. Tolerance Posting** field is set to Payment Tolerance Accounts.
5. In the **Payment Discount Grace Period** field, enter 5D.
6. Click **Yes** to change all open entries for unblocked customers or vendors.
7. Add a check mark in the **Payment Tolerance Warning** check box.
8. Ensure that the **Payment Tolerance Posting** field is set to Payment Tolerance Accounts.
9. Click **Actions**, point to **Functions**, and then select **Change Payment Tolerance**.
10. In the **Payment Tolerance %** field, enter 3.
11. In the **Max. Pmt. Tolerance Amount** field, enter 200.
12. Click **OK** to run the batch job.
13. Click **Yes** to update the change to existing customer and vendor ledger entries.
14. Notice that the **Payment Tolerance %** and **Max. Pmt. Tolerance Amount** fields in the **General Ledger Setup** window contain the values entered in the Change Payment Tolerance batch job.
15. Close the **General Ledger Setup** window.

## Process Payment Tolerance

The process of apply tolerances to a payment when a discount has not been applied to a invoice. Payment tolerances can be used in many other situations; these are demonstrated to show functionality.

---

***NOTE:** To complete the demonstrations in this lesson, the following demonstrations must be performed: **Demonstration: Suggest Discounted Payment Lines** and **Demonstration: Set up Payment Tolerance.***

---

### Demonstration: Discount Taken Past the Discount Date

**Scenario:** As of February 5, 2010, the invoice for vendor 40000 still has not been paid. April contacts the vendor who assures her that it is fine to take the discount.

Instead of adjusting the discount fields, and because payment tolerance is set up, April suggests vendor payments and then changes the amount to the discounted amount of 194.77.

In this demonstration, the payment is not printed or posted.

### Steps: Discount Taken Past the Discount Date

To Suggest Vendor Payments with discounts, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. Ensure that the Bank batch is selected.
3. Click **Suggest Vendor Payments**.
4. In the **Last Payment Date** field, enter 02/25/10.
5. Ensure that the **Find Payment Discounts** check box contains a check mark.
6. In the **Posting Date** field, enter 02/05/10.
7. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
8. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
9. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
10. On the **Vendor** FastTab, in the **Filter** field for the No. line, enter 40000.
11. Click **OK**.
12. Click **OK**.
13. Notice that the payment is for the full amount of the invoice: 198.75.

To change the amount and accept the payment tolerance, follow these steps:

1. In the **Amount** field, enter 194.77.
2. Press **TAB** or **ENTER**. The **Payment Discount Tolerance Warning** window appears, with the options of accepting or declining the late payment discount.
3. To accept the late payment discount, click the **Post as Payment Discount Tolerance** option button.
4. Click **Yes**.

The amount is changed to 194.77. When the payment is posted, the invoice and the payment are closed without remaining amounts.

For the purposes of the "Adjust the Payment Amount to Reflect Discount" demonstration, delete the payment line.

### **Demonstration: Adjust the Payment Amount to Reflect Discount**

**Scenario:** Invoice 108021 from vendor 30000, CoolWood Technologies, was posted 01/13/08 without discounts. As of 01/01/08 all invoices receive a 1 percent discount if the invoice is paid within 10 days.

On January 21, 2010, the Suggest Vendor Payments is run for this vendor. You check the amount to ensure that the discount was taken and find that it was not set up on the invoice. Because the discount amount is within the tolerance, you decide to change the amount on the Payment Journal and accept the tolerance.

### **Steps: Adjust the Payment Amount to Reflect Discount**

To Suggest Vendor Payments with discounts, follow these steps:

1. On the Navigation Pane, click the **Department** button, click **Financial Management**, click **Payables**, and then click **Payment Journals**.
2. Ensure that the Bank batch is selected.
3. Click **Suggest Vendor Payments**.
4. In the **Last Payment Date** field, enter 01/31/10.
5. Ensure that the **Find Payment Discounts** check box contains a check mark.
6. In the **Posting Date** field, enter 01/20/10.
7. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
8. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
9. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.

10. On the **Vendor** FastTab, set the filter for the No. line, enter 30000.
11. Click **OK**.
12. Notice that the payment is for the full amount of the invoice:  
19,500.00.
13. Delete the other lines from the journal.

To change the amount and accept the payment tolerance, follow these steps:

1. In the **Amount** field, enter 19305.00.
2. Press **TAB** or **ENTER**; the **Payment Tolerance Warning** window appears.
3. To accept the tolerance, click the **Post the Balance as Payment Tolerance** option button.
4. Click **OK**.

The amount is changed to 19,305.00. When the payment is posted, the invoice and the payment are closed without remaining amounts.

## Lab 6.7 - Adjust the Payment Discount Amount

### Scenario

In Lab 6.7, the discount amount was added to invoice 108023 if it is paid by January 16, 2010. As vendor payments are suggested for vendor 10000, you are notified that the discount is actually 2.5 percent, not 2 percent.

Because the checks have already been generated, you adjust the payment amount from 15,529.08 to the correct amount of 15,449.85 and accept the payment tolerance warning.

### Challenge Yourself!

1. Run the Suggest Vendor Payments batch job as specified in the scenario.
2. Change the amount as specified in the scenario.

### Need a Little Help?

1. Open the **Payment Journal** window.
2. Run the Suggest Vendor Payments batch job as specified in the scenario.
3. Change the amount as specified in the scenario.
4. Accept the payment tolerance.

### Step by Step

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Payment Journals**.
2. Ensure that the Bank batch is selected.
3. Click **Suggest Vendor Payments**.
4. In the **Last Payment Date** field, enter 01/31/10.
5. Ensure that the **Find Payment Discounts** check box contains a check mark.
6. In the **Posting Date** field, enter 01/16/10.
7. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
8. In the **Bal. Account No.** field, click the drop-down list and select WWB-OPERATING.
9. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
10. On the **Vendor** FastTab, set the filter for the No. line, enter 10000.
11. Click **OK**.

12. Notice that the payment is for the incorrect discounted amount of 15,529.08.
13. In the **Amount** field, enter 15449.85.
14. Press **TAB** or **ENTER**; the **Payment Tolerance Warning** window appears.
15. To accept the tolerance, click the **Post the Balance as Payment Tolerance** option button.
16. Click **OK**.

The amount is changed to 15,449.85.



## Analyze Payables

Vendor Ledger Entries are posted entries from purchase orders, purchase invoices, purchase credit memos, journal lines, and refunds. The amount on each vendor entry is a flow field that collects information from a Detailed Vendor Ledger Entry.

Detailed Vendor Ledger Entries contain the actual amounts of the posted entries. Other than the original entry and the applied entry, Detailed Vendor Ledger Entries include any adjustments made to the vendor ledger entry, including:

- Payment discounts.
- Realized and unrealized losses and gains caused by changes in the currency exchange rate.
- Application rounding and corrections caused by the rounding of different currencies.

To provide an understanding of how Vendor Ledger Entries and Detailed Vendor Ledger Entries are used to analyze payables, entries posted to vendor 30000 throughout this content are reviewed.

To review the ledger entries, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Vendors**.
2. Locate and select vendor 30000.
3. Click **Ledger Entries**.
4. Review the posted entries, noticing that there are:
  - Opening entries created using a journal.
  - Multiple payments, created from a general journal and the Payment Journal.
  - Multiple invoices and a credit memo created from purchase documents.
  - Closed and open entries.
5. Click the **Amount** field for any line to access the Detailed Vendor Ledger Entries that calculate the value in the field.

The **Entry Type** field is automatically populated when the detailed vendor ledger entry is created, and it contains several options. Some of the most common are:

- Initial Entry: the entry is an invoice, payment, credit memo, finance charge memo, or reminder.
- Application: two or more vendor ledger entries are applied to each other.

- Payment Discount: payment discount granted.
- Payment Tolerance: payment tolerance granted.
- Payment Discount Tolerance: payment discount tolerance granted.

The other Entry Types are related to multicurrency and VAT. For more information about these types, press **F1** to access online help.

### Summary

Managing Payables covers multiple types of the process a company must have to manage vendors and vendor transactions quickly and efficiently.

In addition to overview of the windows used in Managing Payables, vendor payments were processed, unposted printed checks were voided, posted payments were unapplied and reversed, and then the use of payment discounts and tolerances were set up and demonstrated.

Understanding these processes and functionality when preparing to manage payables helps ensure that payments are recorded correctly, reducing the amount of outstanding balances owed and improve the company's control over the expenses.

## Test Your Knowledge

### Multiple Choice Questions

1. On the General Ledger Setup window, what check box must contain a check mark so you can enter payment discount accounts in the Vendor Posting Groups window?
  - ( ) Adjust for Payment
  - ( ) Pmt. Disc. Incl. VAT
  - ( ) Pmt. Disc. Excl. VAT
  - ( ) Use Payment Disc.
2. In what window are actual posted vendor entries amounts located?
  - ( ) Posted Vendor Ledger Entries window
  - ( ) Vendor Ledger Entries window
  - ( ) Detailed Ledger Entries window
  - ( ) Detailed Vendor Ledg. Entries window

### Fill in the Blanks

Fill in the blanks to test your knowledge of this lesson.

1. The Bank Payment Type of Computer Check is used to \_\_\_\_\_ check.
2. Checks that have been printed but not posted can be \_\_\_\_\_ without affecting the bank ledger entries.
3. The \_\_\_\_\_ Vendor Payments batch job processes open vendor ledger entries and creates payment lines.
4. Vendor \_\_\_\_\_ is used when there are limited funds available to pay vendors.

## Quick Interaction: Lessons Learned

Take a moment and write down three key points you have learned from this chapter

1.

---

---

---

---

2.

---

---

---

---

3.

---

---

---

---

## Solutions

### Suggest Vendor Payments Overview

#### ***Test Your Knowledge: Suggest Vendor Payments***

1. On the Suggest Vendor Payment batch job, the New Doc. No. per Line check box must contain a check mark if which of the following are true: (Select all that apply)

- Summarize per Vendor check box contains a check mark.
- Bank Payment Type is set to Manual Checks.
- Summarize per Vendor check box does not contain a check mark.
- Bank Payment Type is set to Computer Check.

2. On the Suggest Vendor Payments batch job, which fields are used to group the suggested payments by dimension? (Select all that apply)

- By Dimension
- Summarize by Dimension
- Group by Dimension
- Summarize per Vendor

### Create Payments Using Suggest Vendor Payments

#### ***Test Your Knowledge: Suggest Vendor Payments***

1. What happens when the **Summarize per Vendor** check box is checked when you are running the **Suggest Vendor Payments** batch job?

MODEL ANSWER:

All open invoices and credit memos are combined in a single payment line. If the check is printed, the document numbers and amounts of the entries combined to create the net amount are individually displayed on the check stub.

2. If your company has a fixed amount available to pay vendor invoices, how do you pay these vendors in Microsoft Dynamics NAV 2009? Explain the setup for the vendors and the **Suggest Vendor Payments** batch job.

MODEL ANSWER:

1. Set up all vendors with a Priority on the Payments FastTab of the Vendor Card. 2. Run the Suggest Vendor Payments batch job, with the Use Vendor Priority check box selected and the fixed amount entered in the Available Amount (LCY) field.

## Test Your Knowledge

### **Multiple Choice Questions**

1. On the General Ledger Setup window, what check box must contain a check mark so you can enter payment discount accounts in the Vendor Posting Groups window?
  - Adjust for Payment
  - Pmt. Disc. Incl. VAT
  - Pmt. Disc. Excl. VAT
  - Use Payment Disc.
2. In what window are actual posted vendor entries amounts located?
  - Posted Vendor Ledger Entries window
  - Vendor Ledger Entries window
  - Detailed Ledger Entries window
  - Detailed Vendor Ledg. Entries window

### **Fill in the Blanks**

Fill in the blanks to test your knowledge of this lesson.

1. The Bank Payment Type of Computer Check is used to print check.
2. Checks that have been printed but not posted can be voided without affecting the bank ledger entries.
3. The Suggest Vendor Payments batch job processes open vendor ledger entries and creates payment lines.
4. Vendor priority is used when there are limited funds available to pay vendors.