# **Accounts Payable**

**Core Business Process**

Account Payables Management refers to the procedures and practices which are employed by FC Platinum with respect to managing its trade credit purchases. The AP activities consist of seeking trade credit lines, acquiring favourable terms of purchase, and managing the flow and timing of purchases so as to efficiently control the company’s working capital. AP Management is vital because the purchasing of inventory, raw materials, and other goods on trade credit allows a company to defer its cash outlays, while accessing resources immediately.

## **Prerequisites**

1. **Purchase order**

This is an invoices statement for the goods or services required to be purchased for use at the FC Platinum.

1. **Data Entity**

This is a portal through which vendor invoices are received electronically by the Accounting Officer.

1. **Vendor invoices**

Vendor invoices are the invoice statements clearly stating the amount owed or required by the vendor for goods or services acquired by various departments at the organization (FC Platinum).

1. **Product or service**

These are goods or service acquired by the FC Platinum for consumption or resale or services offered by the vendor.

1. **Vendor**

This is the supplier who supplies products/services.

## **Invoicing**

### **Precondition**

1. **Printed Invoice received**

A printed invoice should be received by the Accounting Officer.

1. **GRV**

The GRV should be signed to indicate that the goods have been received as required

### **Process Description**

Once the goods have be confirmed that they have been received by the Accountant Assistant Inventory, the process of invoicing begins. The Accounting Officer receives a GRV and an invoice from the supplier and reconcile the GRV and the invoice against a purchase order and captures the invoice details. There are also invoices which cannot be reconciled against Purchase order. These invoices are received and captured into the system and then updates the invoice. Upon updating the invoice Creditors aging automatically updates, then the Accounting Officer reviews the Creditors account reflecting the balances FC Platinum owe its’ Creditors.



**Invoice Details**

|  |  |  |
| --- | --- | --- |
| **Field Name** | **Datatype** | **Length** |
| Vendor name | Varchar | 20 |
| Address | Varchar | 45 |
| Phone | Num | 20 |
| Product/Service | Varchar | 30 |
| Quantity | Num | 10 |
| Cost | Num | 10 |

### **Actors**

* Accounting Officer
* Vendor

### **Workflow**

* None

### **Audit Trail**

* Invoice
* GRV
* Purchase Order

## **Payment**

### **Precondition**

1. **Invoice**

The supplier should have sent the invoice statement

### **Process Description**

The Accounting Officer identify the invoice to be paid and request for a statement from the Supplier. Upon receiving invoice statement, the Accounting Officer match the invoice statement with the creditors account. If they match then payment is attached to the invoice and remittance is made else Accounting Officer settle the correct invoice with the supplier then payment is attached to the invoice then remittance is made.



### **Actors**

* Accounting Officer
* Supplier

### **Workflow**

* None

### **Audit Trail**

* Invoice

## **Aging Analysis**

### **Precondition**

1. **Vendor**

This is the supplier who supplies products ordered to FC Platinum.

1. **Invoice**

This is a document statement which reflects the balances FC Platinum owes its creditors.

### **Process Description**

The Accounting Officer runs an aging analysis report on the system and print it. He then reviews the report and analyse it and make decisions. The Accounting Officer can either Age by Invoice Date / document Date.

**Age by Posting date**

* Date the invoice was posted.

**Age by Document**

* Date on invoice document.

**Aging Buckets**

|  |  |
| --- | --- |
| **Period (Days)** | **Description** |
| 0 – 30 | Current period |
| 31 – 60 | 60 days |
| 61 – 90 | 90 days |
| 91 – 120 | 120 days |
| Over 120 | 120+ days |



### **Actors**

* Accounting Officer

### **Workflow**

* None

### **Audit Trail**

* Aging report

## **Revaluation**

### **Precondition**

1. **Invoice**

This is a statement which reflects the balances FC Platinum owes its creditors.

1. **Foreign currency invoice**

The invoice has to be foreign for it to be revaluated.

1. **Date**

The day should be the last day of the month.

### **Process Description**

At the end of each month all foreign currency invoices are revaluated. The Accounting Officer load the current rate as of last day of the month then revalue vendor invoice balance the invoice with that rate. All foreign currency invoices should reflect the new revaluated balance owed by FC Platinum. When the payment is made later on, it is paid using the current prevailing rate of the day. The difference between the paid amount and the invoice amount is posted to the Profit/Loss account.



### **Actors**

* Accounting Officer - Finance

### **Workflow**

* None

### **Audit Trail**

* Current rate
* Payment