Article # 1070

Technical Note: How to Record Service Transactions in AccountMate

Difficulty Level: Beginner Level AccountMate User

Version(s) Affected: AccountMate 8 for SQL and Express
AccountMate 7 for SQL, Express, and LAN

Module(s) Affected: SO, AR, GL, CI, and PC

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DESCRIPTION

Companies in the service industry do not carry inventory items, but with service as the primary source of income there is still a need to record receivables and track revenue that arise from the service transaction. Furthermore, it is important to maintain a record about the service; this can include detail such as assigned salesperson, default price, and any other information deemed necessary.

This Technical Note discusses how to set up a maintenance record in AccountMate for service as an item. This document also explains how to post transactions for service operations.

SOLUTION

Users can set up each type of service commodity in the **Inventory Maintenance** function. Setting up a maintenance record for a service commodity is the same as setting up a record for a regular inventory item except that you do not need to monitor the service commodity's quantity because it is intangible. You must unmark the **Check On-hand** and **Update On-hand** checkboxes in the **Inventory Maintenance Settings** tab to disable quantity tracking in AccountMate. There are no posted journal entries that affect the **Cost of Goods Sold**, **Inventory**, and **In-transit Inventory** accounts when you create an AR invoice for a service transaction if quantity tracking is disabled. AccountMate generates journal entries that affect only the Receivable and Revenue accounts as follows:

GL Account ID	Debit	Credit	Source	
			Function and Tab	**Field**
Trade Accounts Receivable	xxx		Customer Maintenance - GL Accounts tab	Accounts Receivable
Services Revenue		xxx	Revenue Code Maintenance	Sales Revenues

You can record the service cost by posting an AP invoice in the **Accounts Payable** module or by posting a regular journal entry in the **General Ledger** module.

*Note: Service as an item in AccountMate cannot be set as lot-controlled, a kit item component, or a kit item that requires pre-build if the **Check On-hand** and **Update On-hand** checkboxes in the **Inventory Maintenance**>**Settings** tab are unmarked. You can also assign to the item any available cost methods except **Specific ID**.*

You must activate the **Pricing Control** or **Customer Inventory Manager** module so you can set up in the **Inventory Basic Price Maintenance** or **Customer Inventory Maintenance** function various price levels or customer pricing for the service commodity.

To access the **Inventory Basic Price Maintenance** function be sure to mark the **Enable Multiple Pricing** checkbox in the **AR Module Setup**>**General (2)** tab. You can also assign in the **Inventory Multi-Level Price Maintenance** function up to 10 multi-level prices for the service commodity even if the **Pricing Control** module is not activated. Access the **Inventory Multi-Level Price Maintenance** function by clicking the italicized **Multi-level Price** field label in the **Inventory Maintenance**>**Information** tab.

You can set up in the **Customer Inventory Maintenance** function the customer's price for each service commodity. If you want the customer's price to be shown as the default price when you create a sales order or invoice for the service commodity, be sure to activate the **Use Customer Item #** checkbox in **Customer Maintenance**.

The discussion above provides you with procedures to properly record a service transaction in AccountMate. Understanding the process enables you to set up a record and create journal entries correctly.