

## Article # 1251

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### **Technical Note: Journal Entries Flow in Credit Card Transactions**

**Difficulty Level:** Beginner Level AccountMate User

**Version(s) Affected:** AccountMate 12 for SQL and Express  
AccountMate 11 for SQL and Express  
AccountMate 10 for SQL, Express, and LAN  
AccountMate 9 for SQL, Express, and LAN  
AccountMate 8 for LAN

**Module(s) Affected:** AP

**Posting Date:** 06/09/2021

### **DESCRIPTION**

Over the years the use of credit cards has become a popular payment method for business transactions. In today's world having a credit card is considered a necessity. A credit card is an easy, fast, and relatively secure payment method. AccountMate supports recording of credit card payment transactions.

This Technical Note discusses the journal entries generated from credit card transactions. It also discusses the source fields for the GL Account IDs being used in those journal entries.

### **SOLUTION**

#### **AccountMate 10.4 for SQL/Express and higher versions:**

If you were using AccountMate 10.4 for SQL/Express or a higher version, follow these simplified procedures to record the purchase transaction paid by credit card:

- 1) Using the **Post Credit Card Billing** function, record the purchase and apply payment for the credit card transactions.
- 2) Using either the **Post Handwritten Check** or **Print Computer Check** function, record the check payment for the credit card transactions.

#### **Post Credit Card Billing**

AccountMate 10.4 for SQL/Express introduced the **Post Credit Card Billing** function, which you can use to record at one time all the purchase and return transactions listed in a credit card billing statement. You can also use this function to record the apply payment for the credit card transactions. Refer to the Online Help within the AccountMate program for more details about the **Post Credit Card Billing** function.

Post Credit Card Billing

Save Void Copy Clear Close

Post CC Billing Credit Card Vendor # CTB01 Citibank VISA Card Credit Card # 4444-5555-6666-7779

Information	Transactions	Activity	Vendor NotePad
Address: 5 North Milpitas Blvd		ATD Purchase: 20,261.09	
City: Milpitas		YTD Purchase: 18,804.86	01/01/21
State: California Zip: 95035		Open Debit: 0.00	
Phone: (800) 756-7047		Available Prepay: 0.00	
		Balance: 19,261.09	
Charge Transaction #: 1000002		Reference:	
Terms: 0.00% 0 Net 0		Description:	
Charge Date: 06/04/21		Pay Urgency: 2	
Post Date: 06/04/21		Bank #: CITIBANK	
Discount Date: 06/04/21		Amount:	
Due Date: 06/04/21		Apply Amt: 1,000.00	
Currency: USD		Apply Disc: 0.00	
Charge Amt: 0.00		Apply Adj: 0.00	
Non Disc Amt: 0.00		Charge Balance: 0.00	
Discount Amt: 0.00			
<input type="checkbox"/> Hold Payment			
Entered By: Supervisor			

Figure 1. Post Credit Card Billing > Information Tab

Post Credit Card Billing

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Post CC Billing Credit Card Vendor # CTB01 Citibank VISA Card Credit Card # 4444-5555-6666-7779

Information	Transactions	Activity	Vendor NotePad		
	Credit Card Payable 4	210220-000-00	Credit Card Payables -1,000.00		
	Credit Card Clearing 3	210230-000-00	Credit Card Clearing 1,000.00		
Trs Date	Vendor # 2	Company	Invoice #	Trs Description	Amount
06/04/21	AFF1	Aero Furniture Factory, Inc.	APINVOICE002	Zara purchase	1,000.00
					Total 1,000.00
					Add Delete
1	GL Distribution Accounts	Account Description	Line Item Description	Amount	
	710100-110-00	Selling Expense - Standard Product		1,000.00	
					Total 1,000.00
					Add Delete

Figure 2. Post Credit Card Billing > Transactions Tab

When you use the **Post Credit Card Billing** function to record the purchase and apply payment for the credit card transaction, AccountMate creates the following journal entries:

DR. GL Distribution Accounts <sup>1</sup>	XX.XX
DR. Accounts Payable (original vendor) <sup>2</sup>	XX.XX
DR. Credit Card Clearing <sup>3</sup>	XX.XX
CR. Accounts Payable (original vendor) <sup>2</sup>	XX.XX
CR. Credit Card Clearing <sup>3</sup>	XX.XX
CR. Credit Card Payable <sup>4</sup>	XX.XX

The GL Distribution Accounts are the GL Account IDs entered in the **Post Credit Card Billing > Transactions** tab lower grid. The Accounts Payable GL Account ID comes from the **Vendor Maintenance** record of the vendor specified in the **Post Credit Card Billing > Transactions** tab upper grid. The Credit Card Clearing and Credit Card Payable GL Account IDs are those entered in the **Post Credit Card Billing > Transactions** tab > **Credit Card Clearing** and **Credit Card Payable** fields, respectively. Refer to Figures 1 and 2.

### Post Handwritten Check or Print Computer Check

When you use either the **Post Handwritten Check** or **Print Computer Check** to record the check payment for the charge transaction, AccountMate generates these journal entries:

DR. Credit Card Payable <sup>4</sup>	XX.XX
CR. Cash <sup>5</sup>	XX.XX

The Credit Card Payable GL Account ID comes from the **Post Credit Card Billing > Transactions** tab > **Credit Card Payable** field as explained above (see Figure 2). The Cash GL Account ID comes from the **Bank Account Maintenance** record of the bank account from which the check is withdrawn. Refer to Figure 3.

The screenshot displays the 'Bank Account Maintenance' window for a Citibank account. The 'GL Account ID' field is highlighted with a red rectangle and contains the value '110100-000-00'. Below this field, the text 'Cash In Bank - General' is visible. The window also shows the account description 'Savings Account', account number '012-576-9043', and a status of 'Active'. There are several checkboxes for account usage, such as 'Use in Accounts Payable' and 'Use in Payroll'. The 'Current Balance' is displayed as 45,113.25.

**Figure 3. Bank Account Maintenance**

## Generate AP Transfer to GL Report

Refer to Figure 4 for a sample **AP Transfer to GL Report** that shows the system-generated journal entries for a purchase transaction paid by credit card.

Invoice #	GL Account ID	Account Description	Date	Inv Ref/Check #	Inv Description/Pay To	Transfer Amt
05/22/19 06:09:15 PM National Office Supply, Inc. Page 1 of 1 Printed By: Emmy AP Transfer to GL Report						
Vendor #: AFF1 (Aero Furniture Factory, Inc.)						
INVOICE1	210200-000-00	Trade Payables	05/22/19			-100.00
INVOICE1	210200-000-00	Trade Payables	05/22/19			100.00
INVOICE1	210250-000-00	AP Suspense Payables	05/22/19			-100.00
INVOICE1	710100-110-00	Selling Expense - Standard Product	05/22/19			100.00
Vendor #: AFF1 Invoice #: INVOICE1: 4 Record(s)						Total for Vendor #: AFF1 Invoice #: INVOICE1 : 0.00
Vendor #: CTB01 (Citibank VISA Card)						
CHRTRS1001	110100-000-00	Cash In Bank - General	05/22/19	Check # 5001	Citibank VISA Card	-100.00
CHRTRS1001	210220-000-00	Credit Card Payables	05/22/19			-100.00
CHRTRS1001	210220-000-00	Credit Card Payables	05/22/19	Check # 5001		100.00
CHRTRS1001	210250-000-00	AP Suspense Payables	05/22/19			100.00
Vendor #: CTB01 Invoice #: CHRTRS1001: 4 Record(s)						Total for Vendor #: CTB01 Invoice #: CHRTRS1001 : 0.00
						Total for this Report : 0.00

**Figure 4. AP Transfer to GL Report**

### **AccountMate 10.3 for SQL/Express and lower versions or AccountMate for LAN versions:**

If you were using AccountMate 10.3 for SQL and Express or lower versions or any AccountMate for LAN supported versions, follow these procedures to record the purchase transaction paid by credit card:

- 1) Using the **AP Invoice Transactions** function, post an AP invoice.
- 2) Using the **Post Credit Card Payment** function post the credit card payment for the purchase transaction.
- 3) Using either the **Post Handwritten Check** or **Print Computer Check** function, record the check payment for the credit card transaction.

### **Post AP Invoice**

you can use the **AP Invoice Transactions** function to record the AP invoice transaction and recognize the liability. AccountMate will then create the following journal entries:

DR. GL Distribution Accounts<sup>1</sup> xx.xx  
 CR. Accounts Payable (original vendor)<sup>2</sup> xx.xx

The GL Distribution Accounts are the GL Account IDs entered in the **AP Invoice Transactions > GL Distribution** tab grid. The Accounts Payable GL Account ID comes from the value entered in the **AP Invoice Transactions > GL Distribution tab > Accounts Payable** field. Refer to Figure 5, specifically areas 1 and 2.

### Pay AP Invoice by Credit Card

When you use the **Post Credit Card Payment** function to transfer the liability to the credit card vendor, AccountMate creates the following journal entries:

DR. Accounts Payable (original vendor) <sup>1</sup>	xx.xx	
DR. Credit Card Clearing <sup>3</sup>	xx.xx	
CR. Credit Card Clearing <sup>3</sup>		xx.xx
CR. Credit Card Payable <sup>4</sup>		xx.xx

The Accounts Payable GL Account ID is the same ID used upon recording the AP invoice. The Credit Card Clearing and Credit Card Payable GL Account IDs come from the values entered in the **Post Credit Card Payment > Charge Invoice Transaction Detail** window > **Credit Card Clearing** and **Credit Card Payable** fields, respectively. Refer to Figures 5 and 6.

**Note:** The *Charge Invoice Transaction Detail* window is applicable only to AccountMate 10 for SQL/Express and higher versions. In AccountMate 9 for SQL/Express and lower versions as well as all AccountMate for LAN versions the **Credit Card Clearing** and **Credit Card Payable** fields are found in the **Post Credit Card Payment** main function window.

### Apply Payment to Charge Transaction

AccountMate does not create any journal entries when you apply payment to a charge transaction by entering a value in the **Apply Amt** field in the **Post Credit Card Payment > Charge Invoice Transaction Detail** window, **Manual Apply Payment** function, or **Automatic Apply Payment** function. Refer to Figure 6.

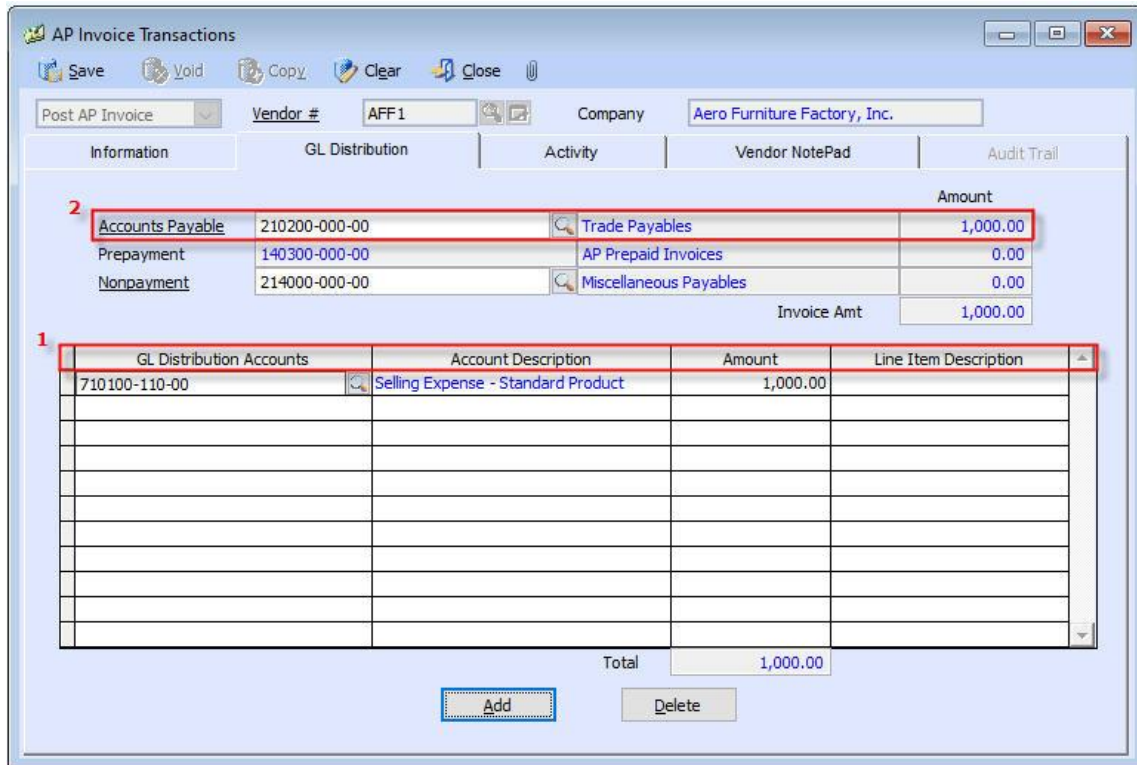


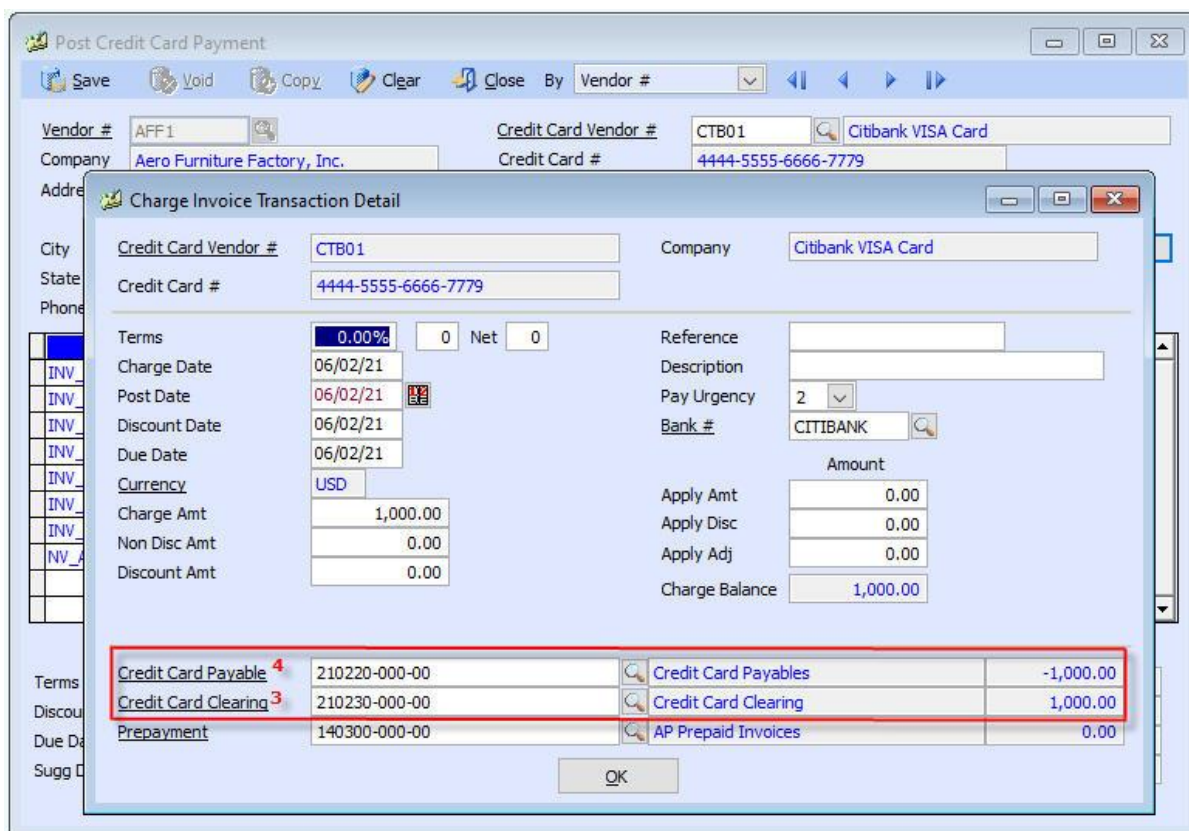
Figure 5. AP Invoice Transactions > GL Distribution Tab

## Post Handwritten Check or Print Computer Check

When you use either the **Post Handwritten Check** or **Print Computer Check** to record the check payment for the charge transaction, AccountMate generates these journal entries:

DR. Credit Card Payable <sup>4</sup>	XX.XX
CR. Cash <sup>5</sup>	XX.XX

The Credit Card Payable GL Account ID comes from the **Post Credit Card Payment > Charge Invoice Transaction Detail** window > **Credit Card Payable** field as explained above. The Cash GL Account ID comes from the **Bank Account Maintenance** record of the bank account from which the check is withdrawn. Refer to Figures 3 and 6.



**Figure 6. Post Credit Card Payment > Charge Invoice Transaction Detail window (available in AM10 for SQL/Express and higher versions)**

## Generate AP Transfer to GL Report

Regardless of which procedures you follow for recording the purchase transaction paid by credit card, AccountMate generates the same set of journal entries. Refer to Figure 4 for a sample **AP Transfer to GL Report**.

Understanding the journal entries flow in credit card transactions facilitates review of the system-generated journal entries for all credit card payment transactions. This information also enables you to identify the appropriate GL Account IDs that must be assigned in the source fields.

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