

ACCOUNTS PAYABLE (AP)

CHEAT SHEET & PRACTICAL GUIDE

*Learn Today,
Lead Tomorrow.*

1 WHAT IS ACCOUNTS PAYABLE?

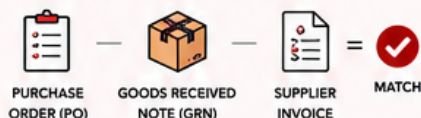
Accounts Payable (AP) is the amount a company owes to suppliers or vendors for goods or services received on credit but not yet paid.

KEY POINTS

- ✓ AP is a Current Liability.
- ✓ It represents money owed by the company.
- ✓ Helps manage cash flow by allowing purchases on credit.
- ✓ Timely payments maintain good supplier relationships.
- ✓ Accurate AP ensures accurate financial statements.

THREE-WAY MATCHING

Best practice to ensure invoices are valid.



2 AP PROCESS FLOW



3 IMPORTANT DOCUMENTS

- Purchase Requisition
- Purchase Order (PO)
- Goods Received Note (GRN)
- Supplier Invoice
- Validated e-Invoice (MyInvois)
- Payment Voucher
- Supplier Statement
- Payment Advice / Bank Transfer Slip

MALAYSIAN COMPLIANCE

- ✓ SST (Sales Tax & Service Tax) where applicable
- ✓ MyInvois e-Invoice compliance
- ✓ LHDN record retention requirements
- ✓ Three-way matching (PO-GRN-Invoice)
- ✓ Proper approval workflow
- ✓ Comply with Malaysian regulations

4 JOURNAL ENTRY (EXAMPLE)

At the time of purchase (on credit):

Account	Debit (RM)	Credit (RM)
Inventory / Purchases	5,000	—
Accounts Payable	—	5,000

When payment is made:

Account	Debit (RM)	Credit (RM)
Accounts Payable	5,000	—
Bank	—	5,000

Note:
Use appropriate expense or asset account based on the nature of the purchase.

5 AP AGING REPORT (EXAMPLE)

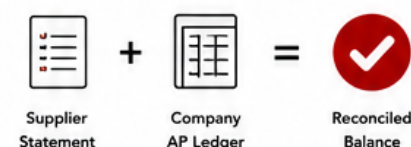
Aging report shows how long invoices have been unpaid. It helps management monitor obligations and cash flow.

Supplier	Total (RM)	0 - 30 Days	31 - 60 Days	61 - 90 Days	90+ Days	Total Outstanding
ABC Sdn Bhd	5,000	3,000	1,000	500	500	5,000
XYZ Sdn Bhd	2,500	1,500	1,000	—	—	2,500
LMN Sdn Bhd	8,000	2,000	3,000	2,000	1,000	8,000
PQR Sdn Bhd	4,000	—	2,000	1,000	1,000	4,000
TOTAL	19,500	6,500	7,000	3,500	2,500	19,500

Aging report helps to:

- Monitor payments due to suppliers
- Identify overdue invoices
- Plan cash flow & avoid late payment penalties

6 AP RECONCILIATION



Regular reconciliation ensures accurate records and avoids disputes.

7 WHY AP IS IMPORTANT?

WITHOUT GOOD AP MANAGEMENT

- ✗ Suppliers stop supplying goods
- ✗ Late payment penalties
- ✗ Poor cash flow management
- ✗ Bad business reputation
- ✗ Disputes & interruptions

WITH GOOD AP MANAGEMENT

- ✓ Suppliers trust the company
- ✓ Better cash flow control
- ✓ Accurate financial statements
- ✓ Strong business reputation
- ✓ Smoother operations

8 AP BEST PRACTICES



9 INTERVIEW QUESTION

Q What is Accounts Payable?

A Accounts Payable is a liability account that records amounts owed to suppliers for goods or services purchased on credit. It ensures vendor obligations are tracked accurately and paid according to agreed terms.



REMEMBER!

Good AP process = Strong supplier relationship + Healthy cash flow + Accurate financial reporting.



TAX & E-INVOICE REMINDER

Check SST (Sales Tax / Service Tax) treatment where applicable and ensure all supplier invoices are validated via MyInvois.