

Seed Discount Management (Discount / Rebate After the Season)

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Seed purchasing, because of the discounts and rebates given by seed vendors, creates a challenge to maintain an accurate cost on seed until the discounts are issued. This article is designed to establish a standard practice for the handling of seed to enable managing the cost of seed more accurately throughout the fiscal year. The following steps set a more accurate cost on seed. An accurate cost on seed products enables accurate management of profit margins, markups, and financial reports.

In addition to each seed Vendor, a corresponding Vendor for the seed discount management should be set up. To create the Vendor for discount management it is recommended use the regular seed vendor's name with *Discount* at the end. This is recommended so as to not accidentally take the estimated discount/rebate against a real Vendor invoice.

The screenshot shows a software window titled "Edit A Vendor - ABCDisc ABC Seed Discount". The window has a tabbed interface with "Profile" selected. The form contains the following fields and controls:

- Vendor ID: ABCDisc
- Location: 00MAIN (dropdown)
- Our Account#: [Empty]
- Vendor Name: ABC Seed Discount
- Address 1: [Empty]
- Address 2: 123 Sterling Ave
- City: Mariette
- State: GA (dropdown)
- Zip: 55555
- Terms Code: [Empty]
- Buttons: Classifications, Attachments, Attributes
- Notes: [Text area]
- Phone # 1: [Empty]
- Phone # 2: [Empty]
- Fax #: [Empty]
- Home Page: [Empty]
- Email: [Empty]
- Inactive:
- <Country>: [Empty]

At the bottom of the window, there are navigation arrows (back, forward) and "Save" and "Cancel" buttons.

Accounting for Seed Rebates / Discounts

1. As seed is received, enter Purchase Receipts for bags of seed, pallets etc. to the regular seed Vendor account.

Edit a Purchase Receipt

Ship Date: 10/14/2021 Warehouse Transfer In-Transit

<Vendor> ABCSeed ABC Seed Company

Ticket # 800330848 Control # 00M2788

Load #

	<P.O. #>	<Product Name>	Lot #	Received	Unit	Invoiced		Est. Cost	<Add On>	Frei
1		Asgrow Beans AG3302		924.000	Bags	0.000	<input type="checkbox"/>	0.000		0
2		Pallets		14.000	Bags	0.000	<input type="checkbox"/>	0.000		0

Freight: 0 Apply Freight Make PO

<Freight Vendor>

Notes

Import Scale Ticket Show Lot# Save Cancel

- As invoices arrive, enter Purchase Invoices to the regular seed Vendor account, pull in the Purchase Receipt on the *From Receipt* tab, and on the *Direct* tab, record any credits/price adjustments not on the Purchase Receipt.

Add A Purchase Invoice

<Vendor ID> ABCSeed ABC Seed Company

Invoice # 2106003 Notes

Invoice Date 04/08/2022 Due Date 05/09/2022

Price By \$/Unit \$Total

From Receipt Direct

	<Ticket#>	<P.O. #>	Product Name	Qty Recvd.	Invoiced	\$/Unit	U	\$Total
1	800330848		Asgrow Beans AG3302	924.000	924.000	23.920	Bags	22102.08
2	800330848		Pallets	14.000	14.000	15.000	Bags	210.00

Freight Actual Total\$ Apply Freight

<Freight Vendor> Show Lot#

Create AR Invoice Print On Save Save Cancel

	Regular	Prepay
Before	0.00	0.00
After	21711.48	0.00

Discount Pay By Terms Disc Amt

Total	21711.48
Freight/Add-ons	0.00
Discount	0.00
Amount Prepaid	0.00
Net	21711.48

Add A Purchase Invoice

<Vendor ID> ABCSeed ABC Seed Company

Invoice # 2106003 Notes

Invoice Date 04/08/2022 Due Date 05/09/2022

Price By
 \$/Unit \$Total

From Receipt Direct

	<P.O. #>	Ticket#	<Product Name>	Quantity	\$/Unit	U	\$Total	P
1			Asgrow Beans AG3302	0.000	0.000	Bags	-369.60	<input type="checkbox"/>
2			Hauling	-1.000	231.000	Bags	-231.00	<input type="checkbox"/>

Freight Actual Total\$ Apply Freight

<Freight Vendor> Show Lot#

Create AR Invoice Print On Save Save Cancel

	Regular	Prepay
Before	0.00	0.00
After	21711.48	0.00
Discount		
Pay By	Terms	Disc Amt
Total	21711.48	
Freight/Add-ons	0.00	
Discount	0.00	
Amount Prepaid	0.00	
Net	21711.48	

- Immediately following the entry of the Purchase Invoices on the regular seed Vendor, enter Purchase Invoices to the seed discount Vendor for the same seed Product with a zero quantity and accruing the amount of the discount anticipated on the seed.

Add A Purchase Invoice

<Vendor ID> ABCDisc ABC Seed Discount

Invoice # 3106002 Notes

Invoice Date 04/08/2022 Due Date 05/09/2022

Price By
 \$/Unit \$Total

From Receipt Direct

	<P.O. #>	Ticket#	<Product Name>	Quantity	\$/Unit	U	\$Total	P
1			Asgrow Beans AG3302	0.000	0.000	Bags	-2431.23	<input type="checkbox"/>

Freight Actual Total\$ Apply Freight

<Freight Vendor> Show Lot#

Create AR Invoice Print On Save Save Cancel

	Regular	Prepay
Before	-431.23	0.00
After	-2862.46	0.00
Discount		
Pay By	Terms	Disc Amt
Total	-2431.23	
Freight/Add-ons	0.00	
Discount	0.00	
Amount Prepaid	0.00	
Net	-2431.23	

- At the end of the season when the actual discount is received from the regular seed Vendor, it might come in two different ways. The following are suggestions on how to handle each way.
 - If the discount/rebate is received in the form of a credit invoice, enter a negative A/P Bill to the regular seed Vendor using the COGS (purchase) account for seed as the expense. Issue a Memo Check for the seed discount Vendor to reconcile the accrued discount with the actual discount issued. Change the

checking account to the COGS (purchase) account for seed.

Add a Bill

<Vendor> ABCDisc | ABC Seed Discount | Regular -2862.46 | Prepay 0.00

Bill Date: 04/08/2022
 Due Date: 05/09/2022
 Invoice #: 2166apdisc
 Description: 1099 Amount: Last Years Dataset: (None)
 PO #: 1099 Pay:

Use Prepay
 On Hold Post to Prior Month

Discount: Terms
 Pay by date: Disc Amt:

Predefined Split
 Split ID: Amount: Acct ID: Apply

Expense Breakdown

<G/L Account>	Description	\$ Amount	Comment	Quantity
5530000-00	Purchases - Seed Soybeans	-2500.00		

Gross \$ -2500.00
 Discount:
 Net \$ -2500.00

Buttons: Import File, Import PO, Save, Cancel

Pay Bills for 00MAIN

Include Bills due on or before what date: 04/08/2022
 Check Date: 04/08/2022

<Checking Account> 1010000-00 | Checking Account - 1st National
 Starting Check #: 51898 | Bal: 345219.90

Print: Checks, Memo Checks, Print, Preview, Pre-Check Run

	Vendor Name	Vendor ID	Invoice #	Due Date	Bill Amt	Paid Amt	Discount	Payment
1	ABC Seed...	ABCDisc	8576132	10/14/2021	-2431....	0.00	0.00	-2431.23

Seek Vendor ID: Total for: 0.00 Total: -2431.23

Sort By: ID, Name, Apply, OK, Cancel

Buttons: Tag/Untag This Vendor, Tag All, Untag All

- o If the discount/rebate is received in the form of a check from the Vendor, enter the check using a Journal Entry. The debit will be Undeposited Cash to include the check in the deposit or will be the checking account if either the check has already been deposited or should not be included in the deposit for another reason. The credit is the COGS (purchase) account for seed. Issue a Memo Check for the seed discount Vendor to reconcile the accrued discount with the actual discount issued. Change

the checking account to the COGS (purchase) account for seed.

Add a General Journal Entry

J.E. Number: 331 PrePay

Date: 04/08/2022

Vendor ID:

Reference: credit1234

Description: seed credit

J.E. Type: General Vendor A/P Customer A/R

Predefined Split: Split ID: Debit Credit
Amount:
Acct ID:

	<Account>	Account Name	Debit \$	Credit \$	Comment
1	1010000-00	Checking Account - 1st National	2500.00	0.00	
2	5530000-00	Purchases - Seed Soybeans	0.00	2500.00	

Print Form Period: Current Totals: 2500.00 2500.00 Difference = \$0.00

Details Future Journal Entry Reverse Next Month Show Quantity