

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 document is designed to establish a standard practice for the handling of seed to enable you to manage 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.

Setup

In addition to each seed vendor, you should also set up a corresponding vendor for the seed discount management. To create the vendor for discount management we suggest you use the regular seed vendor's name with "Discount" at the end. We suggest you do this so you do 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 text box)
- Vendor Name: ABC Seed Discount
- Address 1: (empty text box)
- Address 2: 123 Sterling Ave
- City: Mariette
- State: GA (dropdown)
- Zip: 5555
- Terms Code: (empty dropdown)
- Buttons: Classifications, Attachments, Attributes
- Notes: (empty text area)
- Phone # 1, Phone # 2, Fax #: (empty text boxes)
- Home Page: (empty text box)
- Email: (empty text box)
- Inactive:
- <Country>: (empty text box)
- Navigation: Back, Forward, Home, Refresh icons
- Buttons: Save, Cancel

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

2. 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 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 you anticipate 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. Following are suggestions on how to handle each way.
 - If the discount/rebate is received in the form of a credit invoice, you should 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: [Empty] | PO #: [Empty] | Notes: [Empty]

Expense Breakdown:

<G/L Account>	Description	\$ Amount	Comment	Quantity
6530000-00	Purchases - Seed Soybeans	-2500.00		

Gross \$: -2500.00 | Discount: [Empty] | Net \$: -2500.00

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

	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

Total for: 0.00 | Total: -2431.23

Sort By: ID | Name

- 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	

Period:
 Totals: Difference = \$0.00

Future Journal Entry

 Reverse Next Month

 Show Quantity