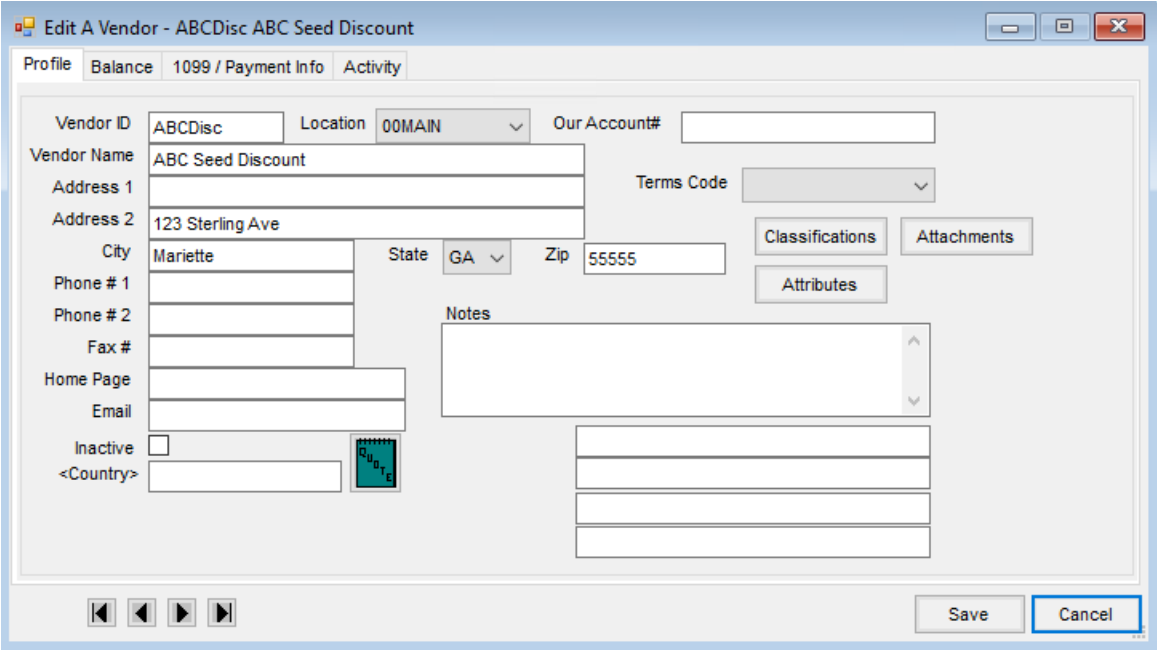


# Seed Discount Management (Early Pay Discount – Prepay)

Last Modified on 11/12/2024 2:00 pm CST

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, best practice is to set up a corresponding Vendor (for each seed vendor) for the seed discount management. To create the Vendor for discount management it is recommended use the regular seed vendor’s name with *Discount* at the end. This prevents accidentally taking the estimated discount/rebate against a real Vendor Invoice.



## Accounting for Seed Rebates / Discounts

1. To record the early pay discount to the Vendor’s Prepay account, add a Journal Entry. Set the *J.E. Type* to *Vendor A/P* and check the *Prepay* option. Debit Accounts Payable and credit the COGS (purchase) account for seed.

**Add a General Journal Entry**

J.E. Number: 15014  PrePay

Date: 11/12/2024

<Vendor ID>: ABCDisc

Reference: 1233

Description: prepay discount

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	2000000-00	Accounts Payable	2000.00	0.00	
2	5070000-00	Seed Cost of Sales	0.00	2000.00	

Totals: 2000.00 2000.00 Difference = \$0.00

Print Form  Period: Current  Future Journal Entry  Reverse Next Month  Show Quantity

- After adding the Journal Entry, add a Bill for the Seed Discount Vendor using the COGS (purchase) account for seed as the expense account.

**Add a Bill**

<Vendor>: ABCDisc ABC Seed Discount Regular: 0.00 Prepay: 2000.00

Bill Date: 11/12/2024

Due Date: 12/10/2024

Invoice #: 654987

Description: seed prepay management

PO #:

Notes:

Use Prepay:  On Hold:  Post to Prior Month:

1099 Amount:  Last Years Dataset: (None)

1099 Pay:

Discount:  Pay by date:  Disc Amt:

Predefined Split: Split ID:  Amount:  Acct ID:

Expense Breakdown

	<G/L Account>	Description	\$ Amount	Comment	Quantity	<Vehicle ID>
1	5070000-00	Seed Cost of Sales	2000.00			

Import File  Gross \$: 2000.00 Discount:  Net \$: 2000.00

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

**Add a Purchase Receipt**

Ship Date: 11/12/2024    Warehouse Transfer     In-Transit

<Vendor> ABCSeed    ABC Seed Company

Ticket # 9887    Control # 00M2806

BOL #    Load #

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

Freight     Apply Freight     Make PO     Notes

<Freight Vendor>

Import Scale Ticket     Show Lot#    Save    Cancel

4. As invoices arrive, enter Purchase Invoices to the regular Seed Vendor account. Pull in the Purchase Receipt on the *From Receipt* tab. On the *Direct* tab, record any credits/price adjustments not included on the Purchase Receipt.

**Add A Purchase Invoice**

<Vendor ID> ABCSeed    ABC Seed Company

Invoice # 55667    Notes

Invoice Date 11/12/2024    Due Date 12/10/2024

	Regular	Prepay
Before	11960.00	2000.00
After	34272.08	2000.00

Discount

Pay By    Terms    Disc Amt

Price By  \$/Unit     \$Total

From Receipt    Direct

	<Ticket#>	<P.O. #>	Product Name	Qty Recvd.	Invoiced	<\$ /Unit>	U	\$Total
1	9887		Asgrow Beans AG3302	924.000	924.000	23.920	Bags	22102.08
2	9887		Pallets	14.000	14.000	15.000	Bags	210.00

Freight     Actual Total\$    Apply Freight     Show Lot#

<Freight Vendor>

Create AR Invoice     Print On Save    Save    Cancel

Total	22312.08
Freight/Add-ons	0.00
Discount	0.00
Amount Prepaid	0.00
Net	22312.08

5. 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, accruing the amount of the early pay discount on the seed.

**Add A Purchase Invoice**

<Vendor ID> ABCDisc    ABC Seed Discount

Invoice # 76655    Notes

Invoice Date 11/12/2024    Due Date 11/12/2024

Price By  
 \$/Unit     \$Total

From Receipt    Direct

	<P.O. #>	Ticket#	<Product Name>	Quantity	\$/Unit	U	\$Total	P	Discount
1			Asgrow Beans AG3302	0.000	0.000	Ba...	-2431.23	<input type="checkbox"/>	0.00

Freight    Actual Total\$    Apply Freight

<Freight Vendor>     Show Lot#

Create AR Invoice     Print On Save    Save    Cancel

Before	Regular	Prepay
	2000.00	2000.00
After	-431.23	2000.00

Discount

Pay By    Terms    Disc Amt

Total	-2431.23
Freight/Add-ons	0.00
Discount	0.00
Amount Prepaid	0.00
Net	-2431.23

6. At the end of the season, issue a *Memo Check* for the Seed Discount Vendor to reconcile the accrued early pay discount with the actual discount issued. Change the *Checking Account* to the COGS (purchase) account for seed.

**Pay Bills for 00MAIN**

Include Bills due on or before what date 12/10/2024

Check Date 11/12/2024

<Checking Account> 5070000-00    Seed Cost of Sales

Starting Check # 11    Bal: 0.00

Print  
 Checks     Print  
 Memo Checks     Preview  
 Pre-Check Run

	Vendor Name	Vendor ID	Invoice #	Due Date	Bill Amt	Paid Amt	Discount	Payment
1	ABC Seed...	ABCDisc	76655	11/12/2024	-2431.23	0.00	0.00	-2431.23
2	ABC Seed...	ABCDisc	654987	12/10/2024	2000.00	0.00	0.00	2000.00

Seek Vendor ID

Total for 0.00    Total -431.23

Tag/Untag This Vendor    Tag All    Untag All

Sort By  
 ID     Name    Apply    OK    Cancel