

Seed Discount Management (Early Pay Discount – Prepay)

Last Modified on 04/27/2022 9:58 am CDT

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 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.

Setup

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.

Edit A Vendor - ABCDisc ABC Seed Discount

Profile | Balance | 1099 / Payment Info | Activity

Vendor ID: ABCDisc Location: 00MAIN Our Account#:

Vendor Name: ABC Seed Discount

Address 1:

Address 2: 123 Sterling Ave

City: Mariette State: GA Zip: 55555

Phone # 1:

Phone # 2:

Fax #:

Home Page:

Email:

Inactive: ☐

<Country>:

Terms Code:

Classifications Attachments

Attributes

Notes

Save Cancel

Accounting for Seed Rebates / Discounts

1. To record the early pay discount to the vendor's prepay account, add a Journal Entry. This will be a Vendor Type Journal Entry with the *Prepay* box checked. Debit Accounts Payable and credit the COGS (purchase) account for seed.

Add a General Journal Entry

J.E. Number: 339 ☒ PrePay

Date: 04/27/2022

<Vendor ID>: ABCSeed

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	

Print Form Period: Current

Totals: 2000.00 2000.00 Difference = \$0.00

☐ Future Journal Entry ☐ Reverse Next Month ☐ Show Quantity

2. 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: -9793.69 Prepay: 0.00

Bill Date: 04/01/2022

Due Date: 05/02/2022

Invoice #: 654987

Description: seed prepay management

PO #:

Notes:

Use Prepay: ☐ On Hold: ☐ Post to Prior Month: ☐

1099 Amount: 1099 Pay: ☐

Last Years Dataset: (None)

Expense Breakdown:

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

Discount: Terms: Pay by date: Disc Amt:

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

Import File

Gross \$: 2000.00

Discount:

Net \$: 2000.00

3. 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: 04/27/2022 Warehouse Transfer ☐ In-Transit ☐

<Vendor> ABCSeed ABC Seed Company

Ticket # 987987 Control # 00M2791

Load #

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

Freight ☐ Make PO Notes

<Freight Vendor>

☒ Show Lot#

4. 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 included on the Purchase Receipt.

Add A Purchase Invoice

<Vendor ID> ABCSeed ABC Seed Company

Invoice # 2468 Notes

Invoice Date 04/27/2022 Due Date 05/27/2022

Price By ☒ \$/Unit ☐ \$Total

From Receipt ☒ Direct ☐

	<Ticket#>	<P.O. #>	Product Name	Qty Recvd.	Invoiced	<\$ /Unit>	U	\$Total
1	987987		Asgrow Beans AG3302	924.000	924.000	23.920	Bags	22102.08
2	987987		Pallets	14.000	14.000	15.000	Bags	210.00

Freight Actual Total\$ ☐ Show Lot#

<Freight Vendor>

☐ Create AR Invoice ☐ Print On Save

	Regular	Prepay
Before	21711.48	2000.00
After	44023.56	2000.00

Discount Pay By Terms Disc Amt

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 and accruing the amount of the early pay discount on the seed.

Add A Purchase Invoice

<Vendor ID> ABCDisc ABC Seed Discount

Invoice # 13579 Notes

Invoice Date 04/27/2022 Due Date 04/27/2022

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

	Regular	Prepay
Before	-7362.46	0.00
After	-9793.69	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

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 05/02/2022

Check Date 04/27/2022

<Checking Account> 1010000-00 Checking Account - 1st National

Starting Check # 51900 Bal: 300619.66

Print
☒ Checks ☐ Print
☐ Memo Checks ☒ Preview
Pre-Check Run

	Vendor Name	Vendor ID	Invoi	Due Date	Bill Amt	Paid Amt	Discount	Payment
1	<input checked="" type="checkbox"/> ABC Seed...	ABCDisc	13579	04/27/2022	-2431....	0.00	0.00	-2431.23
2	<input checked="" type="checkbox"/> ABC Seed...	ABCDisc	65498	05/02/2022	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