Purchase Add-On Method: Partially Prepaying a Vendor with a Rate of Percent
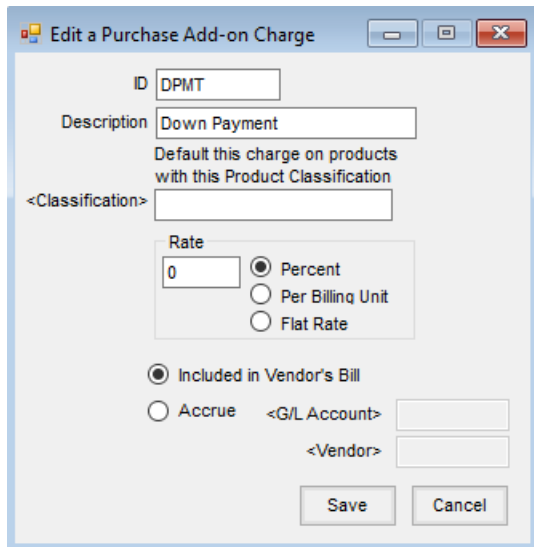
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The Purchase Add-on Charge method may be used for handling partial Vendor Prepay.

Note: This situation is designed for those who do not intend to pay the remainder of their Vendor contracts until shipment is received. In this scenario, the *Rate* will be set to *Percent.*

Setup

Set up Purchase Add-on Charges at *Accounting / Setup / Inventory / Purchase Add-on Charges.* Select **Add** to create a new Purchase Add-on Charge.

1. Enter the *ID* and *Description* for the Add-on Charge and select the appropriate *Rate* type and bill type.
2. Select a *Rate* type of *Percent.* This may be edited on the Purchase Order depending on the type of prepaid contract.
3. If a *Classification* is selected, the Add-on Charge defaults onto any line item containing a Product with a matching Classification.
4. Select the *Included in Vendor's Bill* option to influence the amount paid.

Scenario

The following scenario involves fertilizer ordered on a Purchase Order at $400 per ton with a 25% down payment at the time of the order. The remaining 75% balance will be due upon invoice.

1. Add a Purchase Order at *Accounting / Inventory / Purchase Orders.*
2. Select the *Prepay* option on the *Add A Purchase Order* window.

3. Select the Product and set the *$/Unit to* $400 per ton.

4. Double-click in the *Add On* column to open the *Purchase Add-on Charges* window.

5. Double-click on the *Charge ID* column heading and select the appropriate Purchase Add-on Charge.

6. Set the *Rate* as the unpaid percent. In this case, 75% is entered as a positive (75) on this line. Set the *Calculate As* type to *Percent*. Do not select the *P* checkbox for Prepay on this line.

7. To add the second line for this add-on, double-click the *Charge ID* column heading again and select the same purchase add-on charge.

8. Set the *Rate* as the unpaid percent. Here, 75% is entered as a negative (-75). Set the *Calculate As* type to *Percent*. Select the *P* checkbox for prepay on this line.

9. Select **Calculate**. Each add-on charge row now displays the *Charge $* to apply to the Vendor's Bill, $15,000, positive and negative respectively, which is the total amount due to the Vendor upon delivery. The Add-on charge has a negative line valued at - $15,000 which reduces the amount saving the PO will increase the balance by to $5,000. When the PO is invoiced, the line will come in as Prepaid in full. The positive $15,000 line (not prepaid) as the company will owe this amount when the invoice is saved.

Purchase Add-on Charges

Product	Quantity	$/Unit	Unit
Urea (46-0-0)	100000.000	400.000	Lbs

	<Charge ID>	Rate	Calculate as	Charge $	Apply To	<G/L Acct>	<Vendor>	P
1	DPMT	75.000000	Percent	15000.00	Vendor's Bill	5510000-00		☐
2 ▶	DPMT	-75.000000	Percent	-15000.00	Vendor's Bill	5510000-00		☑

$/Unit to be added to the cost   0.0000

Freight $/Unit   0.0000

New $/Unit for this line item   400.0000

Total included in Vendor's Bill   0.00   [Calculate]   [Save]   [Cancel]

10. Select **Save** to return to the Purchase Order.

11. Select **Apply**. The Purchase Order now displays the Product at the contracted price of $400/ton, with a *$Total* amount of $20,000. The total of the Purchase Order is $5,000 which is the prepaid amount.

Add A Purchase Order

PO Detail   AP Bill   Ship To   Release Numbers

Date 03/22/2024   P.O. # 120033

Contract

<Vendor> Dukesf   Dukes Farm Supply

<Customer>

<Comments>

Notes

☑ Prepay
☐ Order Invoiced
☑ Company Wide Use
☐ Direct Ship
☐ Generic Purchase

Discount   [Terms]
Terms ID
Pay By   Disc Amt

Price By
● $/Unit   Start Date __/__/__
○ $Total   Expiration Date __/__/__

	<Product Name>	Ordered	U	Received	Invoiced	<$/Unit>	Bill Unit	$Total	Deptid	Prodid	<Add On>	Freight	<Se
1 ▶	Urea (46-0-0)	100000.000	Lbs			400.000	Tons	20000.00	DFrt00	Urea	0.00	0.00	

Freight | | | [Apply Freight]

<Freight Vendor>

Total Weight | 100000.000

Inco Term

Total   5000.00   [Import]

Delivery Type   Delivery

PO Type   [Apply]

Date Requested __/__/__   ETA __/__/__

<Pickup/Delivery Location Name>

[Recalculate Add ons]   [Save]   [Cancel]

The Purchase Order can now be received against as normal. As Purchase Receipts are entered against the

PO, the Add-On Charge follows through based on the Purchase Order set up and quantity received. The Purchase Receipt can then be imported into a Purchase Invoice. The Add-On Charges set up on the Purchase Order follow through the Purchase Receipt into the Purchase Invoice.

Note: If the Purchase Order is not applied to the Purchase Receipt, the Add-On Charge will not flow through but can be re-entered at the time of Purchase Invoice.

12. For this example, a Purchase Receipt was entered for 26 tons of fertilizer. The Purchase Invoice now shows 26 tons of product has been received and invoiced against the Purchase Order. The Purchase Order shows 25% prepaid per ton so the prepay is correctly reduced by $2,600. This leaves a balance due of $7,800 when saving the invoice. The product cost has been updated by $400/Ton.