

# Purchase Invoice Posting Notes

Last Modified on 01/14/2022 1:54 pm CST

**Purchase Invoice** – This is saved in the purchase tables.

**Inventory Quantities** – The Product On Hand quantity is updated according to the following rules:

- **Originated with Purchase Receipt** – Inventory is adjusted by any changes to the quantities entered at the receipt.
- **Originated here at the Invoice** – Inventory is adjusted by the quantities entered here.

In either case, entries to the inventory tables are made recording the quantity *in* or *out*.

## Product Costs

For the purpose of this section, *old* amount is the on-hand quantity of product minus any unprocessed Purchase Receipts. The *old \$* is the previous average cost. The *new* amount is the entire quantity of that product on this Purchase Invoice and the *new \$* is  $((\$ Total - discount + freight) / Quantity)$ .

Weighted Average is calculated based on the following formula:  $((old amount \times old \$) + (new amount \times new \$)) / (old amount + new amount)$

- **Last Cost** – The previous Last Cost is replaced with the new cost. If the new cost price varies from the last cost by more than the tolerance percentage set at *Setup / Preferences* on the *Inventory* tab, then a warning appears.

## Vendor Balance

- **Non-Prepaid** – A positive purchase increases the Vendor balance and decreases if negative. If this is the freight vendor as well, the actual freight is included in this figure.
- **Prepaid** – A positive purchase decreases the Vendor Prepay balance and increases if negative.
- **Accounts Payable Unpaid Bill file** – An unpaid bill is created if non-prepaid.
- **General Ledger** – A payable-type Vendor journal entry is made and the G/L account balances are updated.

Vendor Journal Entry	Debits	Credits
Gross figure owed Vendor		Accounts Payable (Vendor's Location)
Purchase account for total of each department's purchases. Any discounts taken will be posted when the bill is paid.	Inventory Asset if using Transactional Posting or Cost of Goods if not	
Freight (if used) Either actual or estimated	Freight Expense	
		Default Location's

Estimated freight (if used)		Estimated Freight Liability Acct
Discount (first listed if > 1)	Total Disc to the Location's A/P Disc Acct	Each department's discount acct, its portion of total

If using the *Accrue Estimated Purchases* option, a journal entry is created to reverse the accrued entry or the portion of the accrued entry if the entire Purchase Receipt isn't imported into the Purchase Invoice.

Vendor Journal Entry	Debits	Credits
Amount accrued at the Purchase Receipt for the product being invoiced	Estimated Payables account	
Amount accrued at the Purchase Receipt for the product being invoiced		Inventory account for the department

If any accrual-type Add-On Charges were entered, each add-on charge creates a journal entry.

- **Purchase Receipt** – If used, the corresponding receipt is marked as *Completed*.
- **Purchase Order** – If used, the invoiced amount is incremented by the quantity entered at the Purchase Invoice. If filled, it is marked as such.
- **Discount Posting** – As the Purchase Invoice is saved, the discount posting appears to offset itself, debiting and crediting the same dollar figure. When the bill is paid, the actual discount taken is credited to the location's A/P discount account leaving the net effect at the department discount accounts.