ACCOUNTING PROCEDURES

To pay for inventory, or inventory and expenses, on the same check while also tracking inventory you will need to do the following:

Enter Purchase Orders

1. Enter inventory by creating a PO
   - **Vendors / Create Purchase Orders**

Making DEPOSITS ON INVENTORY NOT RECEIVED

1. <u>Enter inventory by creating a PO</u>
   - **Vendors / Create Purchase Orders**
2. <u>Make all payments with Write Checks</u>
   - **Banking / Write Checks (or click on Write Checks icon)**
   - For all inventory items use the check number with a P (i.e., 1010P)
   - Under Expenses Account enter the account **Prepaid Inventory**
   - Under the Amount enter the Deposit amount
   - Under the Memo enter the PO number (i.e., PO 1014 – deposit)
     You may enter multiple deposits on the same check. These deposits will appear on Chart of Account under Prepaid Inventory

Receiving Items after a Deposit was made towards a PO

1. Lookup the check you made the deposit with
   - **Lists / Chart of Accounts**
   - Double click on **Prepaid Inventory** for a register
   - Click on the check
   - On the **Expenses tab**, select the line that contains your PO
   - From the Edit menu, choose Delete Line
   - Click the **Items** tab
   - At the bottom of the screen click on **Select PO**
   - Click the purchase order that contains the item you paid this deposit on, click OK
   - Change the Quantity to 1 and the Amount to the amount of the deposit
   - **The check amount must not change!**
2. **Make adjustments to PO to match Invoice**
   - At the bottom of the screen click on **Show PO**
   - **Edit PO to match Invoice pricing & quantities received**
   - Save & Close the PO
   - Save & Close the check

MAKING PAYMENTS ON INVENTORY RECEIVED AND OTHER EXPENSES

1. Receive inventory and <u>Enter a Bill</u>
    - **Vendors / Receive Items and Enter Bill**
    - Type in Vendor Name
    - A popup screen will ask you **"Open purchase orders exist for this vendor."**
    - Click on 'YES' and check mark the PO you are receiving inventory for
    - In the **Reference** type the **PO number** (this is important!)

2. Enter Bills which are <u>Not inventory</u>, but will be paid on a check with inventory
    This will include, rent, supplies and items not for resale
    - **Vendor / Enter Bills**

3. <u>Make all payments with Pay Bills</u>
    - **Vendor / Pay Bills**
      The screen will show all bills that have not been paid in full.
    - Highlight Bills you want to pay with a **single check**
    - Adjust the Amt. to Pay to match what you are paying then click
    - Verify your totals!
    - At the bottom of the screen: Payment Account = Wells Fargo Bank
    - Payment Method = Check
    - Click to Assign check no.
    - Click Pay & Close (*a popup screen will ask you for the check number to assign)*
    - Your check number must match the actual with a P at the end.

To return inventory to a vendor and expense the credit

Returning Inventory Items to a Vendor

1. Create a Credit: Vendors / Enter Bills
2. At the top there is a choice of BILL or CREDIT – Click on CREDIT
3. Type in Vendor Name
4. <u>Type under Reference the PO #</u>
5. Type in the return Item, Quantity, and estimated Value

<u>**To Write-Off the Credit**</u>

6. Continue in this screen:
7. The tabs for posting are Expenses or Items: click on Expenses
8. **Account to expense = Production Rejects**
9. Type in **Amount as a NEGATIVE**
10. The **CREDIT amount should be ZERO**