Supplier Drum Deposit Refund Cheques

Instead of giving you a credit on your account for the drums you have returned, your supplier has sent you an actual cheque.

The cheque value needs to eventually end up in a bank account, and the funds applied to the supplier's account.

What you'll find:

The Inventory Receipt 1

The Purchase Invoice(s) 2

Inventory Purchase – Return of the Product 2

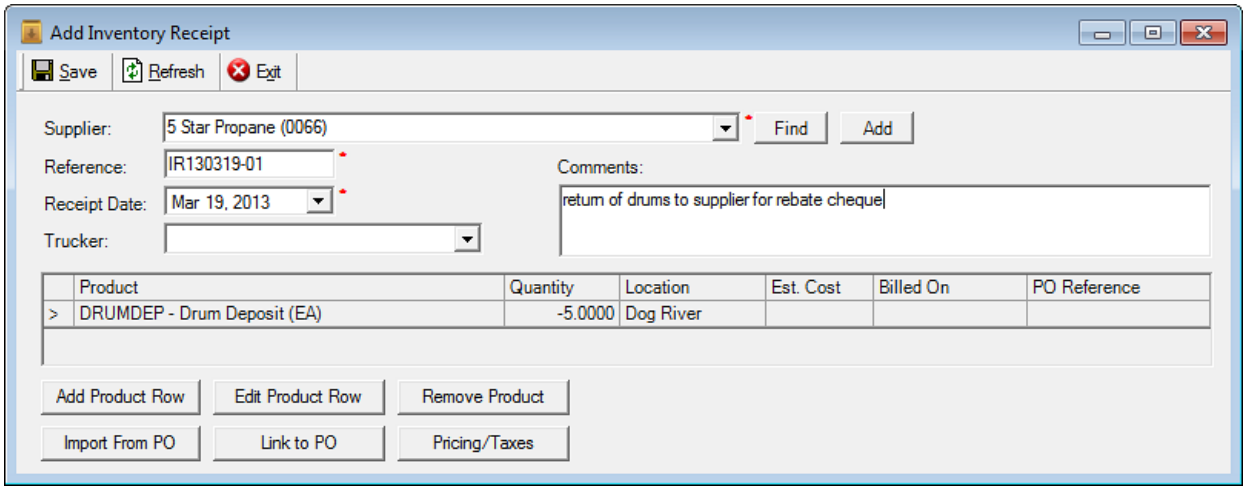
Non-Inventory Purchase – Receipt of the Cheque 2

For Option 2 Only: Apply the Credits 4

The Bank Deposit 5

The Inventory Receipt

Create an ***Inventory Receipt*** like usual, to return the drums to the supplier.



The Purchase Invoice(s)

When you receive the refund cheque from the supplier, you have two options to record the transaction.

Option 1: One $0 Purchase Invoice to record both the return of product and the refund cheque.

Pro's: only one document to enter

Con's: may be more difficult to track down later when you're trying to figure out what happened

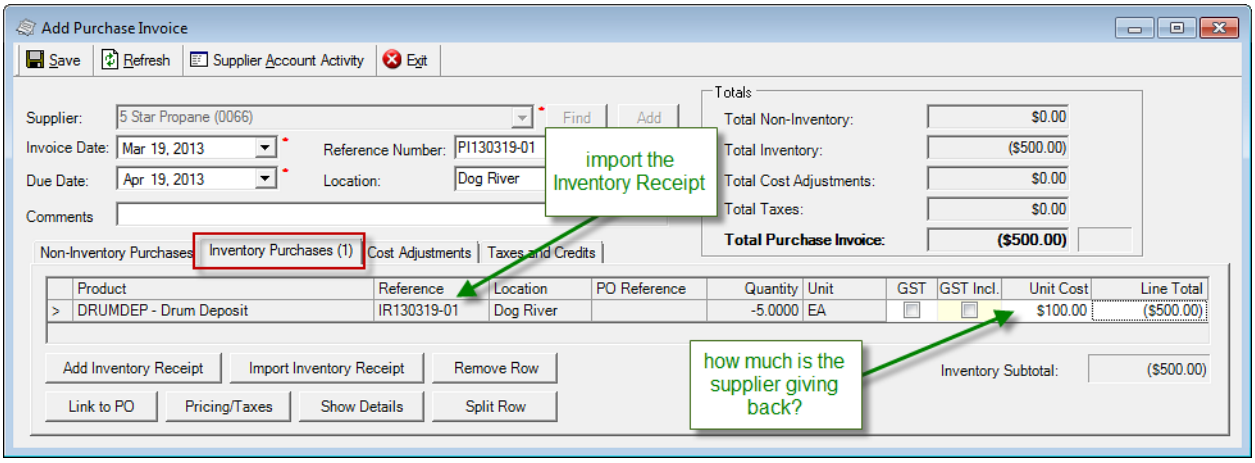
Option 2: Two Purchase Invoices, one for the return of product, and one for the refund cheque.

Pro's: when you're looking for a transaction for the amount of the cheque, it will be easier to find

Con's: you enter two purchase invoices instead of one

Inventory Purchase – Return of the Product

Both Options: create a new Purchase Invoice just like you normally would. On the Inventory Purchases tab, import the Inventory Receipt.



Non-Inventory Purchase – Receipt of the Cheque

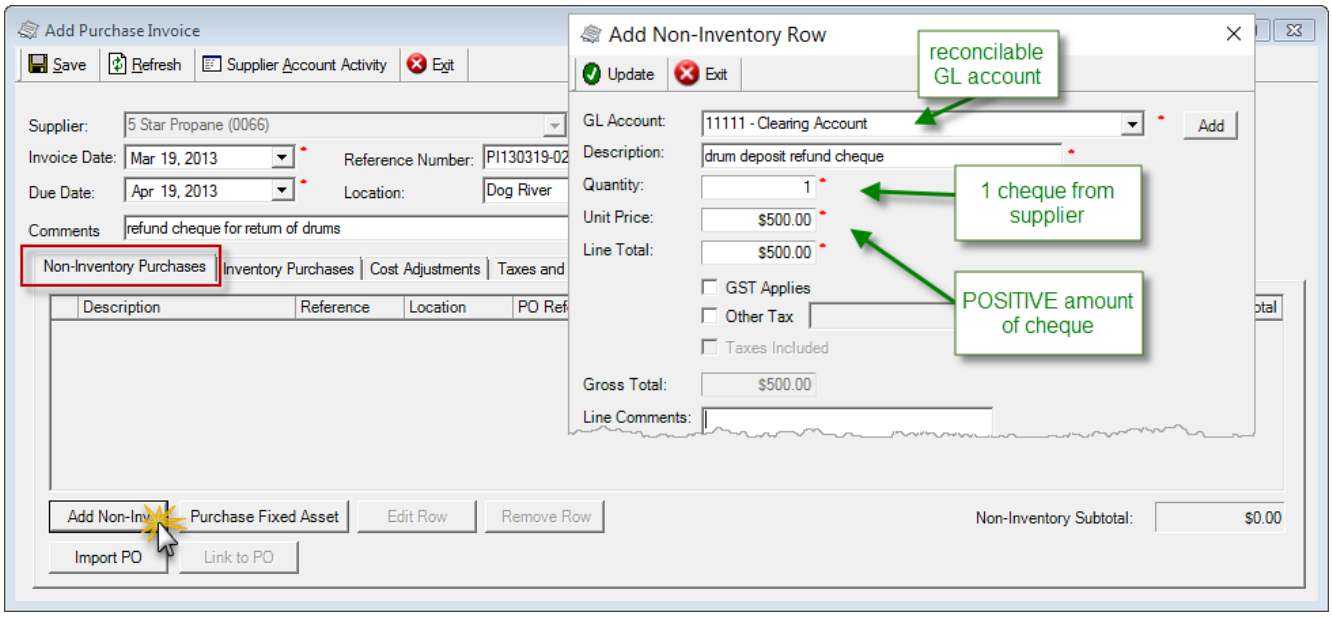
When you receive a cheque from a supplier, you'll enter it as a **non-inventory purchase** on a Purchase Invoice.

Think of it like you're "buying" cash from them. The balance on the supplier's account would look like you "owe" them for the amount of the rebate cheque until you specify what it's for (in this case, the drum deposit return). It's also not like the usual credit on the supplier account, because the funds are coming to us directly and going into the bank, not just showing up as a credit line on our statement.

If you are following Option 1: on the same PI, click on the Non-Inventory Purchases tab

If you are following Option 2: save the first Purchase Invoice and create a new one; click on the Non-Inventory Purchases tab

For Both Options: enter the *positive* amount of the cheque and select the General Ledger account for bank receipts. This records the receipt of the cheque.



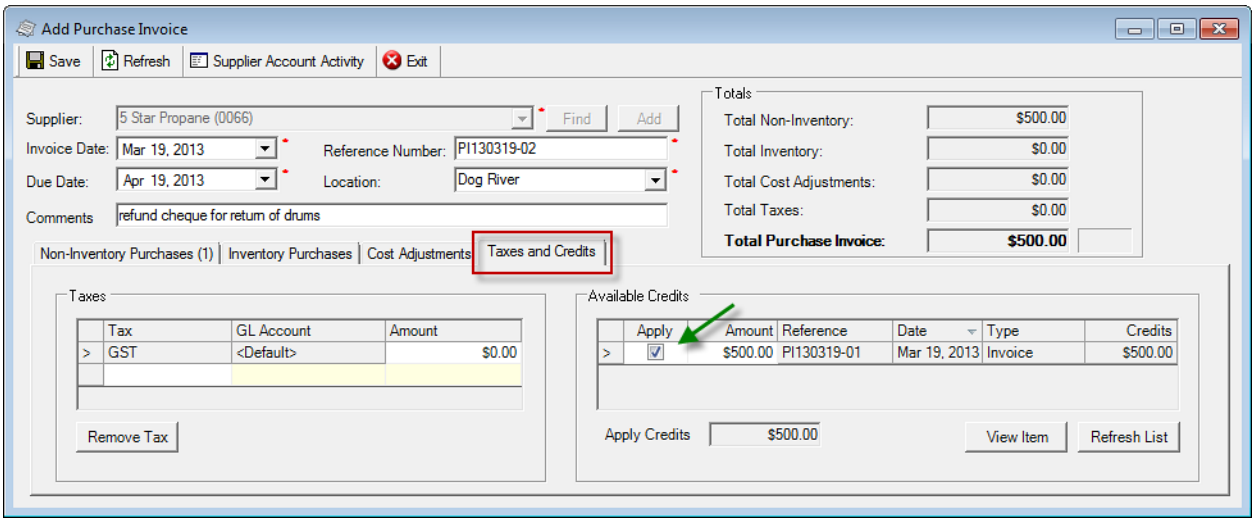
The **net effect** to the supplier's account of both purchase invoices **is $0**. To make it easier to remember, think of it this way:

You're paying back the cash you owe them (the cheque)
with the refund they owe you (for the drum returns).

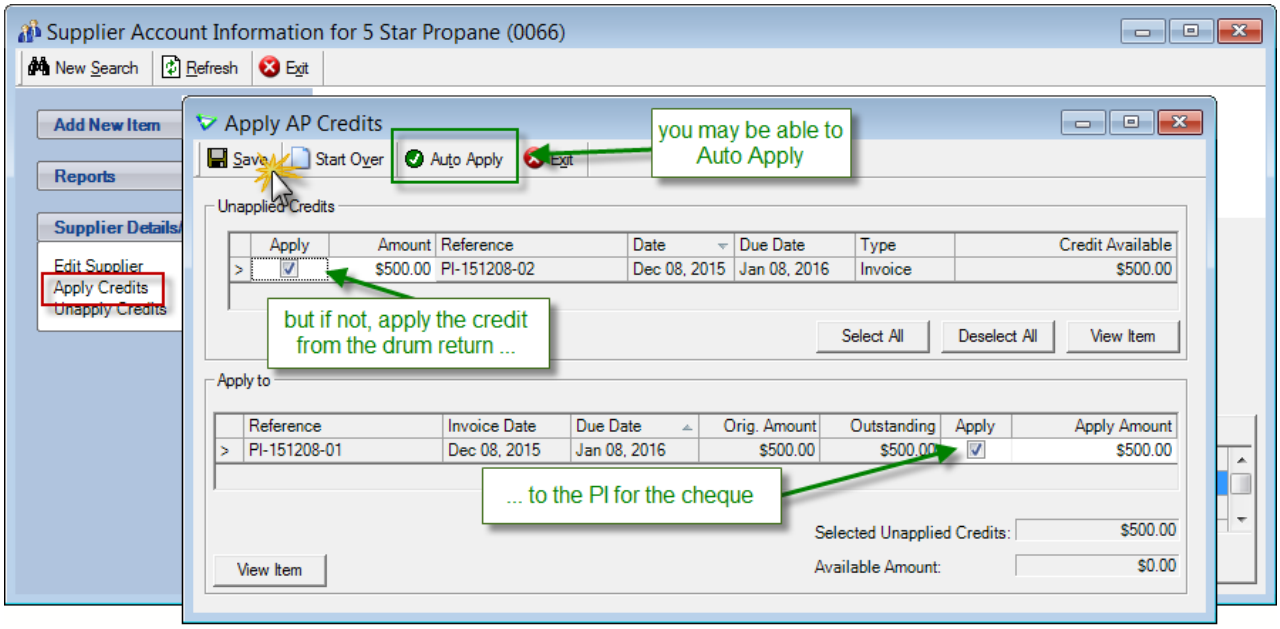
For Option 2 Only: Apply the Credits

If you've created two Purchase Invoices (Option 2), the supplier balance will be unchanged but you'll have an unapplied credit from the return that you'll need to apply.

To apply the credits now, click ***Taxes and Credits***. Check the ***Apply*** box and ***Save*** the PI.



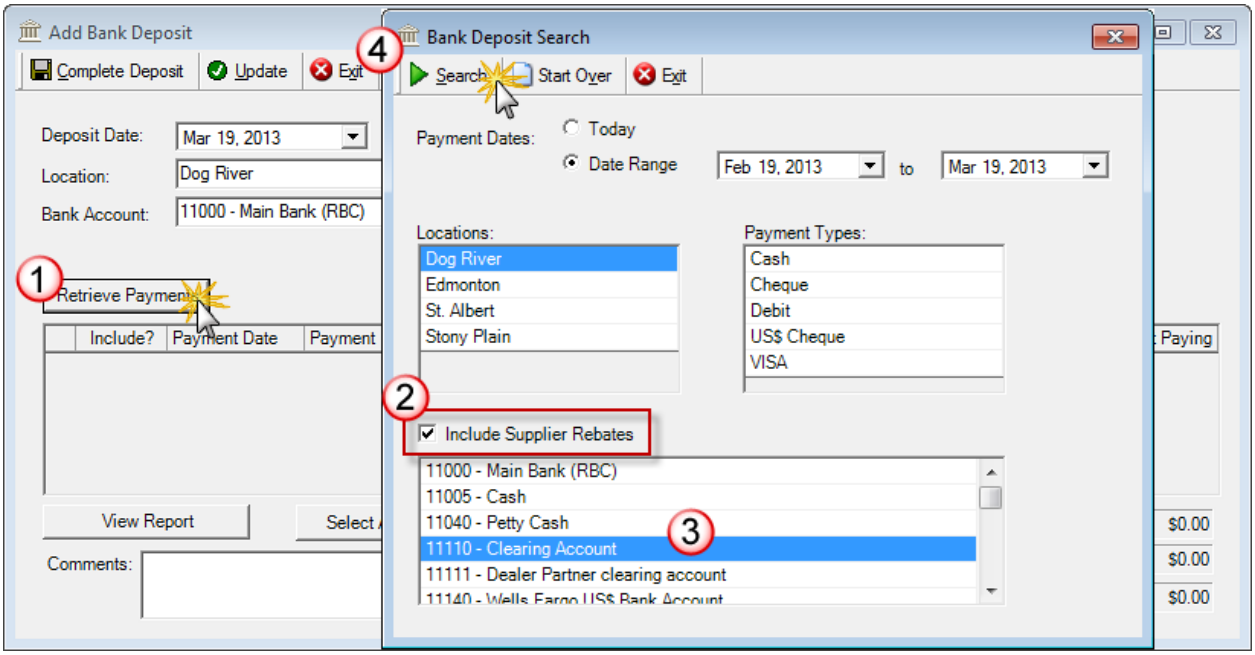
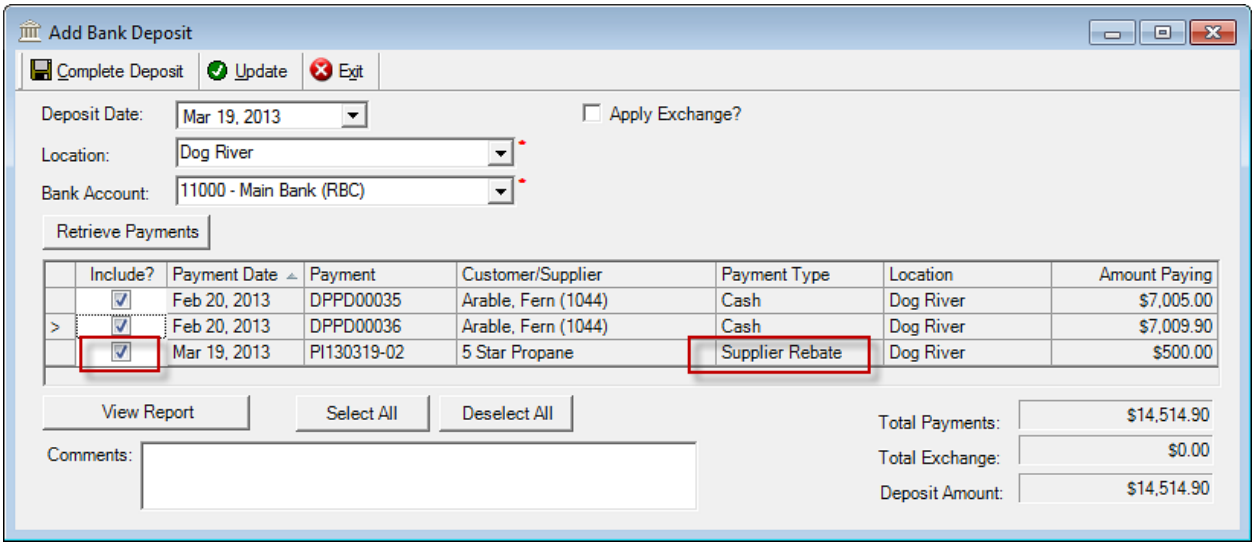
Or apply them later from the supplier account.



The Bank Deposit

Because the supplier actually sends you paper money (a cheque) in the mail, it needs to end up in the bank account (unless you selected a bank account GL on the PI).

When retrieving payments, check ***Include Supplier Rebates*** and select the **GL account** you used on the PI.



Include the rebate cheque in the deposit.