

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:

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The Inventory Receipt

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

Product	Quantity	Location	Est. Cost	Billed On	PO Reference
> DRUMDEP - Drum Deposit (EA)	-5.0000	Dog River			

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.

Supplier: 5 Star Propane (0066) Find Add

Invoice Date: Mar 19, 2013 Reference Number: PI130319-01

Due Date: Apr 19, 2013 Location: Dog River

Comments

Totals

Total Non-Inventory:	\$0.00
Total Inventory:	(\$500.00)
Total Cost Adjustments:	\$0.00
Total Taxes:	\$0.00
Total Purchase Invoice:	(\$500.00)

Non-Inventory Purchases **Inventory Purchases (1)** Cost Adjustments Taxes and Credits

Product	Reference	Location	PO Reference	Quantity	Unit	GST	GST Incl.	Unit Cost	Line Total
> DRUMDEP - Drum Deposit	IR130319-01	Dog River		-5.0000	EA	<input type="checkbox"/>	<input type="checkbox"/>	\$100.00	(\$500.00)

Add Inventory Receipt Import Inventory Receipt Remove Row

Link to PO Pricing/Taxes Show Details Split Row

Inventory Subtotal: (\$500.00)

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 screenshot shows two overlapping windows from a software application. The background window is titled 'Add Purchase Invoice' and has a 'Supplier' field set to '5 Star Propane (0066)'. The 'Invoice Date' is 'Mar 19, 2013' and the 'Due Date' is 'Apr 19, 2013'. The 'Reference Number' is 'PI130319-02' and the 'Location' is 'Dog River'. The 'Comments' field contains 'refund cheque for return of drums'. The 'Non-Inventory Purchases' tab is highlighted with a red box. The foreground window is titled 'Add Non-Inventory Row' and shows a 'GL Account' of '11111 - Clearing Account'. The 'Description' is 'drum deposit refund cheque', 'Quantity' is '1', 'Unit Price' is '\$500.00', and 'Line Total' is '\$500.00'. The 'Gross Total' is '\$500.00'. Three green arrows point from text boxes to the 'GL Account', 'Quantity', and 'Line Total' fields. The text boxes contain: 'reconcilable GL account', '1 cheque from supplier', and 'POSITIVE amount of cheque'. At the bottom of the 'Add Non-Inventory Row' window, there are buttons for 'Add Non-Inv', 'Purchase Fixed Asset', 'Edit Row', 'Remove Row', 'Import PO', and 'Link to PO'. The 'Non-Inventory Subtotal' is shown as '\$0.00'.

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.

Add Purchase Invoice

Supplier: 5 Star Propane (0066) Invoice Date: Mar 19, 2013 Reference Number: PI130319-02 Due Date: Apr 19, 2013 Location: Dog River

Comments: refund cheque for return of drums

Totals: Total Non-Inventory: \$500.00, Total Inventory: \$0.00, Total Cost Adjustments: \$0.00, Total Taxes: \$0.00, **Total Purchase Invoice: \$500.00**

Taxes and Credits

Tax	GL Account	Amount
> GST	<Default>	\$0.00

Remove Tax

Apply	Amount	Reference	Date	Type	Credits
> <input checked="" type="checkbox"/>	\$500.00	PI130319-01	Mar 19, 2013	Invoice	\$500.00

Apply Credits: \$500.00 View Item Refresh List

Or apply them later from the supplier account.

Supplier Account Information for 5 Star Propane (0066)

Apply AP Credits

Save Start Over Auto Apply Exit

you may be able to Auto Apply

Apply	Amount	Reference	Date	Due Date	Type	Credit Available
> <input checked="" type="checkbox"/>	\$500.00	PI-151208-02	Dec 08, 2015	Jan 08, 2016	Invoice	\$500.00

Select All Deselect All View Item

but if not, apply the credit from the drum return ...

Reference	Invoice Date	Due Date	Orig. Amount	Outstanding	Apply	Apply Amount
> PI-151208-01	Dec 08, 2015	Jan 08, 2016	\$500.00	\$500.00	<input checked="" type="checkbox"/>	\$500.00

... to the PI for the cheque

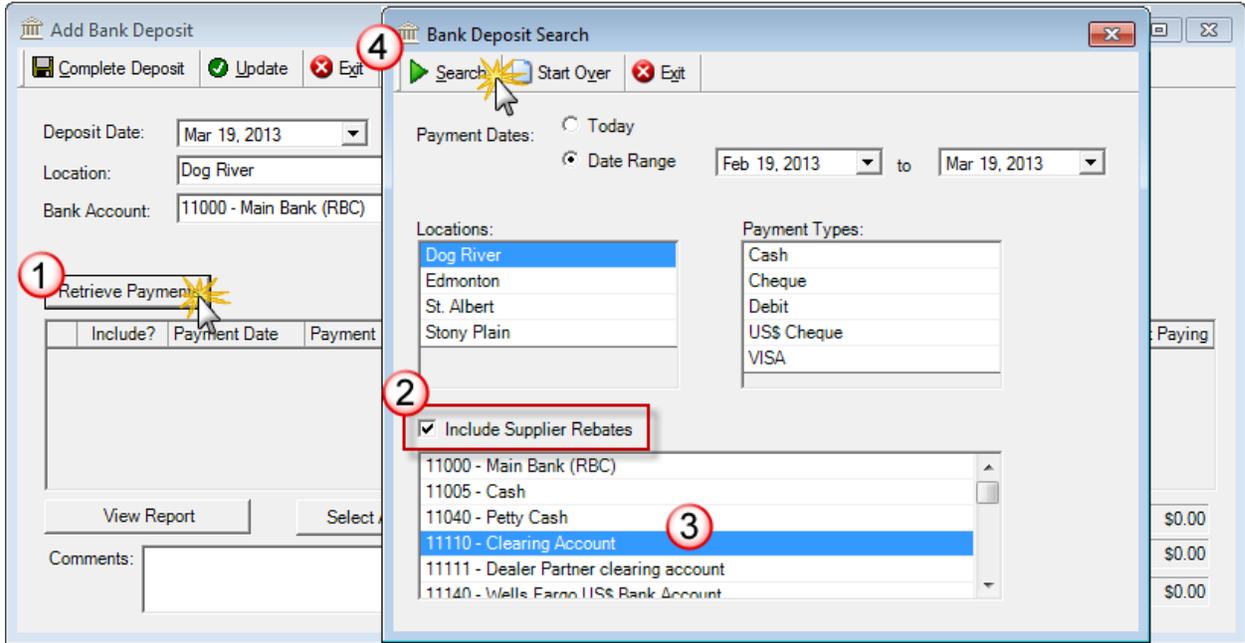
Selected Unapplied Credits: \$500.00 Available Amount: \$0.00

View Item

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.

