ULTIMATE ACADEMY

OnX ERP

Vendors System

Level : Beginner

The Certified Curriculum From Ultimate Academy

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First Lesson

Local Purchases

Lesson Overview:

In this lesson, you will learn how to enter purchase invoices on the Onyx ERP System. You will also learn how to deal with some essential features of the system, such as: charging expenses into items costs, recording discounts on invoices and recording free-of-charge (FOC) quantities granted by vendors to the organization.

Learning Objectives:

By the end of this lesson, you will be able to:

- Explain how to use the "**Purchase Invoice**" screen.
- Differentiate between recording the cost of FOC quantities on a separate account and using the cost of FOC quantities in applying a discount on the item's cost.
- Differentiate between recording the discount amount on the earned discount account and using the discount amount in deducting the item's cost.
- Create a purchase invoice.
- Charge expenses on purchase invoice.
- Record FOC quantities data on purchase invoices.
- Record discount on total invoice value.
- Record discount at items level.

1. Invoice of Local Purchases:

The screen of "**Purchase Invoice**" is used for recording the transactions of purchasing items from local vendors. This screen provides allows users to carry out many transactions, such as:

- Charging purchase expenses on the costs of items
- Calculating the cost of FOC quantities and recording it as revenue in the FOC quantities revenue account or using it in deducting the items' costs.
- Recording discounts on the invoice.

Issuing a purchase invoice, results in a warehouse effect and an accounting effect; since the balances of the items' quantities are affected by the purchased quantities of the invoice. Note that on the accounting level, the system creates the following entry upon issuing a purchase invoice:

1.1 Access the screen:

Go to: Vendors System ⟶ Purchase Management System ⟶ Transactions ⟶ Purchase Invoice.
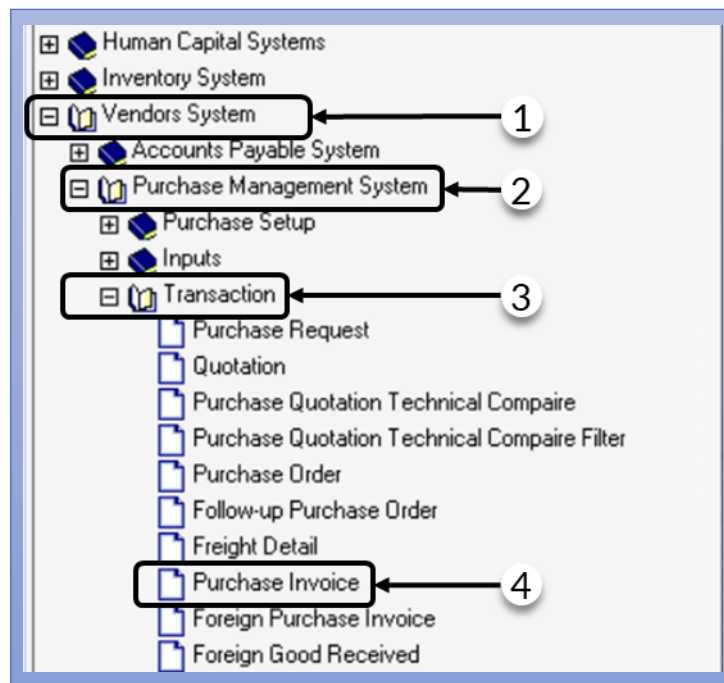
1.2 Screen Components

The data are divided into four main parts: tabs of **Essential Data, Items' Data, Details of Vendor Data,** and **Totals Fields**.

1.2.1 Essential Data Tabs

The following table shows the most important fields of this part:

No.	Tab Name	Description
1	Master Details	It includes the fields of: "**Invoice No**", "**Date**" and "**Payment Method**".
2	Other Data	It is used for entering the optional data of the invoice.
3	Additional Fields	It is used for adding new fields to the invoice's data if needed.
4	Import from Excel Sheet	It is used for importing the invoice's data from an **Excel** sheet.
5	Installments Data	It is used for entering the installments data.

1.2.1.1 Fields of Master Details Tab

The following table illustrates how to use the main fields of this tab:

Field	Feature that Affects field	How to Enter data	Description
WH	Using Multiple Warehouses	Select from the drop list/Manually	This field is used for entering the warehouse that will receive the purchased goods. Note that by activating the "**Multiple Warehouses**" feature, this field disappears from the "**Master Details tab"** and appears in the **"Items Data**" tab.
Payment Method	-	Select from the drop list	This field is used for selecting the invoice payment method from the following options: • **In Cash**: Selected if the invoice will be paid in cash. • **By Check**: Selected if the invoice will be paid, to the vendor, by check. • **In Cash and By Check**: Selected if the invoice will be paid, partially, in cash and then the remainder will be paid by check. • **On Credit**: Selected if the purchased goods will be charged on the vendor's account and will be paid later. • **Transfer**: Selected if the invoice will be paid by transferring the required amount from the organization's bank account to the vendor's bank account. Note that this transaction is recorded using a bank note or any other official document. • **To Account**: Selected to allow the user to charge a purchase invoice to any of the accounts defined in the chart of accounts. For example, the organization can purchase from a (Client) by selecting the account of the (Required Client).
Fetch Data From	Using Local Purchases GRN	Select from drop list	• Using this field becomes optional if the "**Use Domestic Purchases GRN**" feature is not activated. Note that in this case, the following options will be displayed in the field: (Purchase Order – Goods Received Order – Sales Invoice – Trailer Loading Order). • Using this field becomes mandatory if the "**Use Domestic Purchases GRN**" feature is activated. Note that in this case, the field will automatically display the "**Domestic Purchases GRN**".
Goods Received Order/Invoice Number	The (Fetch Data from) Field	F9	This field is used for selecting the document number selected in the (Fetch Data From) field.
Items Costs	-	-	This field is, optionally, used for selecting the item's costing method from the "**Price**" field. Note that the costing method can be modified: • **Last Goods Received Price**: Selected if the item's purchase cost is the same as the last goods received price.

Field	Feature that Affects field	How to Enter data	Description
			• **Vendor's Price**: Selected if the item's purchase cost is the price set by the item's vendor. • **Weighted Average**: Selected if the item's purchase cost is the weighted average.
Invoice Type	Invoice Type	Select from the drop list	This field is used for selecting the invoice type from the types that will appear in the drop list; noting that these types have been coded in the screen of (Purchase invoices Types) in the Vendors System Configuration and that its use becomes mandatory of the invoice's serial number depends on the (Invoice Type) or (Invoice Type and Center).
Service Invoice	Using Service Items	Manually	This option appears upon selecting the (use Service Items) parameter in the Vendors Management System screen. Note that upon ticking the checkbox of the Service Invoice, the system displays the service items only; (Items that have been defined in the items' data as service items). Consequently, the service purchases are transferred to the service purchased account defined in the Financial Data tab that appears in the invoice once the previously mentioned checkbox is ticked.

By clicking on the "**Expenses**" button, another screen for the invoice other expenses will open.

The following table illustrates how to use the main fields of this tab:

Field	Feature that Affects field	How to Enter data	Description
Distribution Method	Clicking on the "**Expenses**" button	Select from the drop list	It is used for selecting the method of distributing expenses on items. These methods include: • **Automatic Distribution**: It automatically distributes expenses on items according to the total item cost over the invoice total value. • **Expense Value**: It manually distributes expenses on each item after selecting the total expense amount in this screen. • **Percentage of Expense**: It manually distributes expenses on items based on a (Percentage) for each item in the invoice.
Expense Number	Expenses Coding	**F9**	The user selects the expense number from the drop list of the Expenses Coding, using **F9**.
Account Code/Name	Expenses Coding	Automatically or **F9**	If the expense is linked to a specific account in the Expenses Coding screen, the account's name/number will appear automatically after selecting the expense. While if the expense is not linked to a specific account, users can select any account by pressing F9.
Amount	-		It is used for entering the expense amount.
Prepare Costs	-	Mouse Clicking	Upon clicking the "**Costs Configuration**" button, the system distributes the expense amount added to the items according to the selected distribution method.

1.2.2 Items Data

These fields are used for entering the data of the purchased items. The below table illustrates the most important fields of this part:

Field	Feature that Affects field	How to Enter data	Description
FOC Quantity	-	Manually	It is used for entering the item's FOC quantity.
Price	-	-	This field is used for entering the unit price per item in the currency of the account on which the purchase invoice is recorded. Note that the price appears automatically upon selecting any option from the drop list in the Items Costs field in the main data and it is modifiable. The system displays, after moving from the purchase price, the average of the previous cost, currency, last goods received price, and the difference between the new price and the previous average; to ensure that there are no mistakes while calculating the cost.

Field	Feature that Affects field	How to Enter data	Description
Discount %	Item Discount Type	Manually/ Automatically	It is used for selecting the discount amount from the item unit cost.
Discount	Item Discount Type	Manually/ Automatically	It is used for selecting the discount percentage from the item unit cost.
Purchase Discount Average	-	Automatically	It is used for selecting the discount average of the item in the previous invoices.
Total	-	Automatically	It is the item's total cost (Quantity*Price after Discount)

1.2.3 Details of Vendor Data

These fields are used for entering the data of the vendor's invoice.

Field	Feature that Affects field	How to Enter data	Description
Vendor's Invoice Number	-	Manually	It is used for entering the number of the invoice issued by the vendor.
Vendor's Invoice Date	-	Manually	It is used for entering the date of the invoice issued by the vendor.
Representative's Number	-	Manually	It is used for selecting the number of the purchasing representative, in case of dealing with representatives.
Description	Item Discount Type	Manually/ Automatically	
Reference Number	Entering Reference Number Is Mandatory	Manually	It is used for entering the reference number of the invoice -in digits and letters-. Note that the reference number can be the Document Manual Number or the File Number or any other document that the user can refer back to upon carrying out the transaction or searching for a certain transaction. This field is optional, yet, it can be mandatory after activating the (Entering Reference Number Is Mandatory) Parameter in the Vendors Parameter screen.

1.2.4 Totals Fields

The fields of this section of the screen are used to display totals of the invoice amounts.

| Field	Feature that Affects field	How to Enter data	Description
Value	-	Automatically	It displays the total value of the invoice items before the discount.
Discount	-	Manually	It is used for entering the discount amount from the total value of the invoice in the "Value" field. Note that the system does not allow the user to enter a discount amount greater than an invoice value.
Discount %	Item Discount Type	Manually/Automatically	It is used for entering the discount as a percentage (From 1 to 100) of the total value of the invoice in the "**Value**" field. Note that the system does not allow the user to enter a discount amount greater than the invoice value and that upon entering the percentage, the system automatically calculates the discount amount and displays it in the" **Discount**" field.
Items Discount	-	Automatically	It displays the total discounts granted at the items' level in the Items' Data.
Other Expenses	-	Automatically	It displays the total expenses that will be charged on the invoice.
Total	-	Automatically	It displays the net value of the invoice according to the following equation: ((Value + Other Expenses) – (Discount + Items' Discount)).

1.3 Example: Domestic Purchase Invoice

Enter the data of the following domestic purchase invoice:

No.	Field	Value	No.	Field	Value
1	Payment Method	On Credit	3	Vendor	Alharbi Company
2	Invoice Type	Domestic Purchase	4	Currency	SAR

The data of the invoice's items:

No.	Item Code	Item Name	Unit	Quantity	Cost
1	0201020001	Al Shalan Indian Sella Basmati Rice 5kg	Pack	80	33 SAR
2	0201020002	Al Walimah Indian Sella Basmati Rice 10kg	Pack	50	63 SAR
3	0203070001	Al Osra Fine Sugar 10 kg	Pack	100	22 SAR

In order to carry out this transaction, open the **"Purchase Invoice"** screen, create a new invoice by clicking on the "**Add**" button ( ) from the taskbar, and follow the below steps:
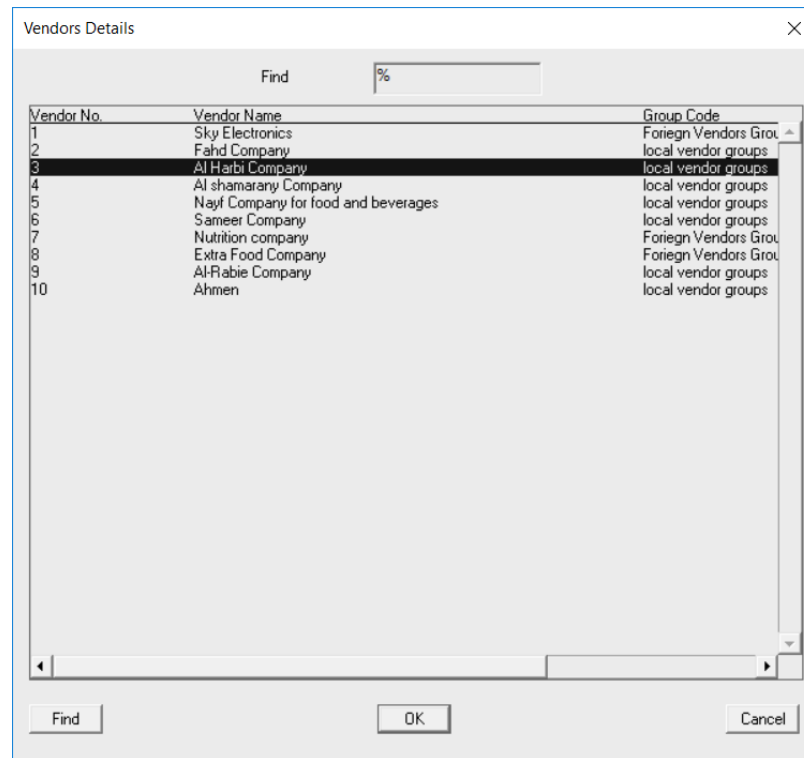
1. Select "**Local Purchases Invoice**" from the "**Invoice Type**" field.
2. Select "**Credit**" from the "**Payment Method**" field.
3. Press **F9** in the "**Vendor No.**" field, and then select "**Alharbi Company**" from the drop list of the Vendors Data.
4. Select "**SAR**" from the "**Currency**" field.

5. Enter "**24/12/2023**" in the "**Due Date**" field.

6. Move your cursor to the "**Item Code**" field and press **F9**, and then select the "**Al Shalan Indian Sella Basmati Rice 5kg**" account.

7. Press **F9** in the "**WH**" field and then select the account of "**Warehouse 1**" from the "**Warehouses List**" screen.

8. Enter "**80**" in the "**Qty**" field and then select "**Enter**". Note that if this item has been already received, the system will display its last goods received price in the "**Last Incoming Price**" field.

9. Enter "**20**" in the "**Price**" field and then click "**Enter**"; so, the system will display the following screen:

Stock Currency	Last Supply Price	Current Average	Diff. Between Cost and Avg
SAR	33.	31.514	1.486

No.	Field Name	Remarks
1	Stock Currency	The system displays the symbol of the inventory currency.
2	Last Supply Price	The item's last goods received price.
3	Current Average	It is the item's weighted average.
4	Diff. between Cost and Avg	Last goods received price – Current average.

10. Repeat steps **5 - 8** for the rest of the items in example (**1**). Note that if the user enters, in the "**Price**" field, an amount greater than the last goods received price, the system will alert the user by coloring the "**Record Number**" field and the "**price**" field in red. Moreover, the system will display an alert message below the items data.

11. Enter "**112003**" in the "**Vendor Invoice No**", and type "**You Have Credit Purchase Invoice No. 4**" in the "**Description**" field. Lastly, enter "**23/11/2022**" in the "**Vendor Invoice Date**"

12. Click on the "**Save**" ( ) button; in order to save the invoice.

13. Click on the "**Archive**" ( ) button and enter all the relevant documents.

| User: 1 - Administrator | Vendors System - Purchase Management System - Purchase Invoice | 2022 / 4 | 31/12/2022 |

Master Details | Other Data | Additional Fields | Tax | Import From Excel Sheet | Charges | Installments Data

Branch No 1-main branch
Invoice Type 1-local purchase invoice [1]
Payment Method 4-Credit [2]
Vendor No. 3 [3]
Exch. Rate 1

Invoice No 13
Vendor Name Al Harbi Company
Transfer Price 1
Stock

Tax Calc. Method 1- Export
Fetch Data from
Date 31/12/2022
Expenses

Price Type 1- Price With Out Ta □ To Acc.
Order No □ Linked to Recei
□ Service Invoic
Currency 1- SAR [4] □ Posted
Due Date 24/03/2023 [5] □ Suspension

Item Costs
Center No
Activity No

S/N	Item Code	Item Name	Unit	WH	Expiry Date	Qty	FOC Qty	Price	Disc.%	Discount	Avg. Purchase Discount	Tax
1	0201020001 [6]	Al Shalan Indian Sella Basmati Rice 5		1 [7]		80 [8]		33.0000 [9]	0	0	.00	0
2	0201010002	Al Walimah Indian Sella Basmati Rice		1		50		63.000000	0	0	1.06	0
3	0203070001	Al Osra Fine Sugar 10 km		1		100		22.000000	0	0	3.57	0

[10]

The price greater than Last Income P

Vendor Invoice No 112003
Vendor Invoice Date 01/12/2022
Rep. No [11]
Charges Tax

Description You Have Purchase Invoice
Ref. Code 112003
Expenses Tax

Total Quantities 230
Total Size 0
Total Weight 0

Other Expenses .000000
Disc.% 0
Tax .0000
Charges .0000

Amount 7,990.0000
Discount 0
Items Disc .0000
Total 7,990.0000

[12] [13]

1.4 Calculating Purchase Expenses

The user can add any expenses to the purchase invoice in order to be included in calculating the items' cost in purchasing. Note that the system provides the three following methods to distribute expenses over the invoice items:

1.4.1 Automatic Distribution:

In this method, the user determines the total expense amount; therefore, the system automatically distributes it over the invoice items. Note that the distribution occurs based on the ratio of the item's total cost to the invoice's total value.

- **Example**:

Let's assume that the organization purchased three items under a purchase invoice for a total amount of **23,600 SAR,** and that the goods transportation expenses are **1,000 SAR**. The total quantity of the first item (**Al Shalan Indian Sella Basmati**

Rice 5kg) is **200** with total cost **6,600 SAR**. Below is a detailed description of the expense distribution for the first item, using the automatic method:

Item cost percentage of invoice total value = Item Total Value / Invoice Total Value = 6,600/ 23,600 = 27.9661%

Total amount that will be charged on item from expense =

Item Cost Percentage * Total Cost = 1,000 * 0.279661 = 279.6610 SAR

Amount that will be charged on item unit =

Total expense that will be charged on item / item quantity = 279.6610/ 200 = 1.3983

The cost of unit after adding expense = cost per unit before adding expense + Expense amount that will be charged on unit = 1.3983 + 33 = 34.3983

The following table contain the details of distributing transportation expenses for all purchased items:

No.	Item Name	Qty	Cost per unit before charging expenses	Total before charging expenses	The ratio of the item's total cost to the invoice's total value	Total Expense	Expense Amount Per Unit	Unit Cost after Adding Expense	Final Cost Total
1	Al Shalan Indian Sella Basmati Rice 5kg	200	33	6,600	27,9661%	279,6610	1,3983	34,3983	6,879
2	Al Walimah Indian Mazza Basmati Rice 10kg	200	63	12,600	53,389%	533,8983	2,6695	65,6695	13,133
3	Al Osra Fine Sugar 10 kg	200	22	4,400	18,644%	186,4407	0,9322	22,9322	4,588

1.4.2 Expense Amount:

In this method, the user determines -manually- the expense amount that will be charged on each item-unit. Note that the total amount that will be charged on all items must equal the total expense amount.

- **Example:**

The below table illustrates the data of the invoice after calculating the expense amount. Note that the purchase invoice in example (**1**) is used in this example, too, and that the user will:

- Charge the first item for **1 SAR** per unit.
- Charge the second item for **3 SAR** per unit.
- Charge the third item for **1 SAR** per unit.

No.	Item Name	Qty	Cost per unit before charging expenses	Total before charging expenses	Expense Amount Per Unit	Unit Cost after Adding Expense	Final Cost Total
1	Al Shaalan Basmati rice 5 kg- Indian	200	33	6,600	1	34	6,800
2	Al Walimah Indian Mazza Basmati Rice 10kg	200	63	12,600	3	66	13,200
3	Al Osra Fine Sugar 10 kg	200	22	4,400	1	23	4,600

1.4.3 Percentage of Expense:

In this method, the user enters the total expense amount and determines the percentage that will be charged on each item of the total expense amount. Therefore, the system automatically calculates the amount that will be charged on each item and adds it to the item's cost. The table below depict an example of using this method.

No.	Item Name	Qty	Cost per unit before charging expenses	Total before charging expenses	Expense Percentage	Expense Amount	Total Expense	Unit Cost after Adding Expense	Final Cost Total
1	Al Shaalan Basmati rice 5 kg- Indian	80	33	6.600	30	1.5	300	34	6.900
2	Al Walimah Indian Mazza Basmati Rice 10kg	50	63	12.600	40	2	400	66	13.000
3	Al Osra Fine Sugar 10 kg	100	22	4.400	30	1.5	300	23	4.700

1.4.4 Example: Adding Expenses to a Domestic Purchase Invoice

Let's assume that the organization bought - on credit - the items shown in the below table from **Naif Food Co.**, the local vendor. Note that the transportation expenses (**1,000 SAR**) were charged on the organization and have been paid in cash from the **Main Cash** account, and that the cost must be distributed automatically on the invoice's items:

No.	Item Number	Item Name	WH	Unit	Quantity	Cost
1	0201020001	Al Shaalan Basmati rice 5 kg- Indian	1	Pack	80	33
2	0201020002	Noodles El Malika 5 KG	1	Pack	50	63
3	0203070002	Al Osra Coarse Sugar 10 Kg	1	Pack	100	22

In order to carry out the required transaction, open the "**Purchase Invoice**" screen, create a new invoice by clicking on the "**Add**" button (➕) found in the taskbar, and follow these steps:

1. Enter the invoice data into the fields located at **Master Details** tab.
2. Enter the items' data according to the table shown in the example.
3. Click on the "**Expenses**" button; so, the "**Invoice Other Expenses**" screen opens.

4. Click on the down arrow (▼) in the "**Distribution Method**" field, and then select "**Auto Distribute**" from the drop list that appears.

5. Move your cursor to the "**Expense No.**" field and press **F9**; and then select "**Transportation Expenses**" from the "**Expenses List**" screen that appears.

6. Press **F9** in the "**Account Code**" field, select the "**Main Cash**" account from the "**Accounts List**" screen that appears, and then select **SAR** from the "**Currencies**" screen that appears.

Note

If the expense type is linked to a specific account while configuring the expenses from the "**Expenses Coding**" screen, the account will automatically appear and it cannot be modified from the "**Invoice Other Expenses**".

7. Enter "**1,000**" in the "**Amount**" field.

Note

The system allows recalculating expenses upon selecting the "**Automatic Distribution**" method; therefore, users can go to the "**Other Expenses**" screen and click on the "**Cancel Costs**" button and modify the expense amount.

8. Click on the "**Costs Configuration**" button; so, the screen will be closed and the system will automatically carry out all the necessary calculations in order to add the expense to the invoice's cost.

9. Click on the "**Save**" button () in order to save.

10. Click on the "**Archive**" button () and enter all the relevant documents.

11. Click on the "**General Journal**" button () in order to display the invoice's entry.

	Account Code	Analytical Account	Name	Currency	Debit	Credit	Debit_For.	Credit_For.	Description	Center No	Center Na
	1111010001	1	Main Cash	SAR	0	1000	0	0	Expenses for Invoice No13		
	2111010001	5	Naif Food Co,	SAR	0	23600	0	0	You Have Purchase Invoice No. 13		
	1141010001		Inventory...	SAR	20013.5594	0	0	0	You Have Purchase Invoice No. 13		
	1141010001		Inventory...	SAR	4586.4406	0	0	0	You Have Purchase Invoice No. 13		

User: 1 - Administrator   2022 / 4   31/12/2022

Doc No: 13   Document Sequence: 20220000011060000113

Total Debit: 24,600.00
Total Credit: 24,600.00

You will notice that the system will record the goods value and the expense cost in the inventory account. While the value of the goods -only- will be recorded in the vendor's account: **Naif Food Co.** and the value of the expenses will be recorded in the account entered into the "**Invoice Other Expenses**" screen.

1.5 Methods of Calculating FOC Quantities Effects

The system provides users with two methods for calculating the free-of-charge (FOC) quantities: **First**, recording quantities in a separate account. **Second**, decreasing the item's cost; note that the method of dealing with the FOC quantities is determined upon installing the system and cannot be modified after carrying out the purchase invoices.

1.5.1 Decreasing Item Cost

In this method, the FOC quantities are used in decreasing the item's cost; which is carried out by dividing the total cost of the not-FOC-quantity by the total quantity of the item (Not-FOC-Quantity + FOC Quantity). This method allows the user to decrease the item's selling price. To decrease the cost of any item, users need to enter the Not-FOC-Quantity in the "**Qty**" field, FOC Quantity in the FOC Quantity field, and the Not-FOC-Cost in the "**Price**" field. Therefore, the system automatically calculates the new cost based on the entered quantities and costs.

1.5.1.1 Example: Using FOC Quantity to Decrease Item's Cost

The below table shows the value in **SAR** of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor:

No.	Item Code	Item Name	WH	Unit	Qty	Free-of-charge (FOC) Qty	Cost
1	0201020001	Al Marai Mixed Berry Juice - 1.5Liter	1	Bottle	100	10	9
2	0201020002	Mirinda Soda - 2.2 Liters	1	Bottle	200	15	6
3	0203070002	Nada fresh juice raspberry 1.34Liter	1	Bottle	200	20	6

In order to carry out the required transaction, open the "**Purchase Invoice**" screen, create a new invoice by clicking on the "**Add**" button ( ) found in the taskbar, and follow these steps:

1. Enter the invoice data into the Main Data tab.
2. Enter the items' data according to the table shown in the example.
3. Click on the "**Save**" button ( ) in order to save.
4. Click on the "**Archive**" button ( ) and enter all the relevant documents.

By looking at the "**Total**" field corresponding to each item and the Grand Total of the invoice, we can see that the invoice has not been affected by the FOC quantities. Note that the amount in the "**Total**" field will be recorded in the Inventory Account and the Vendor Account and that the items' costs -after decreasing- do not appear in the invoice. Follow these steps in order to check the cost of the items after decreasing their value -based on the number of FOC quantities:

1. Click on the "**Main Screens**" (⬛) button, found in the taskbar; so that the "**System Screens**" will appear.
2. Search for the "**Items Movement**" screen and open it.
3. Press "**F9**" in the "**Item Number**" field, select "**Al Marai Mixed Berry Juice - 1.5Liter**" from the "Items Movement" screen, and then click "**Enter**"; so, the system displays all the movements carried out on this item.

4. Search for the invoice that you entered in the example, using the search fields, and click on the Search button or press "**F7**" in the Cost field; so, you will find the item's cost after rendering the FOC quantities effect:

New Cost = Total Cost of Not-FOC-Quantities / (FOC Quantity + Not-FOC-Quantity)

= 900 / (100 + 10)

= 900 / 110

= 8.1818 SAR

It's noted that the system has automatically decreased the item's cost, using the FOC quantities.

1.5.2 Recording FOC Quantities Cost in a Separate Account

In this method, the FOC quantities cost is recorded in a separate account (**FOC quantities revenue**), which must be preconfigured at linking the **Inventory System** to the **General Ledger System**. Note that the cost of the Not-FOC-Quantities is not affected by the FOC quantities and that the system uses the cost of the Not-FOC-Quantities (Vendor Price or Average Cost) as the cost of the FOC quantities. While the accounting entry that the system automatically creates; in order to record the accounting effect of the purchase invoice is:

Debit	Credit	Description
(Total Cost of FOC & Not-FOC Quantities)		From Inventory
	(Cost of Not-FOC-Quantities)	To Vendor, Cash, …. Account
	(Cost of FOC Quantities)	To FOC Quantities Revenue Account

1.5.2.1 Example (1): Recording FOC Quantities in FOC Quantities Revenue Account

The below table shows the value in **SAR** of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor:

No.	Item Code	Item Name	WH	Unit	Qty	FOC Quantity	Cost
1	0302060001	Al Marai Mixed Berry Juice - 1.5L	1	Bottle	100	10	9
2	0302060003	Nada fresh juice raspberry 1.34L	2	Bottle	200	20	6

In order to carry out the required transaction, open the "**Purchase Invoice**" screen, create a new invoice by clicking on the "**Add**" button ( ) found in the taskbar, and follow these steps:

1. Enter the invoice data into the **Master Details** tab.

2. Enter the items' data according to the table shown in the example.

3. Click on the "**Save**" button ( ) in order to save.

4. Click on the "**Archive**" button ( ) and enter all the relevant documents.

5. Click on the **General Journal** button ( ), found in the taskbar; in order to display the account that will be affected by the FOC quantities. The system will record the total value of items (FOC quantities and Not-FOC-quantities) in the **Inventory** account (Debit) and will record the cost of the Not-FOC-Quantities in the **Vendor** account (Credit), which is **Al Shamrani Co.** account, and that the cost of the FOC quantities will be recorded in the" **FOC Quantities Inventory Revenue**" account.

	User: 1 - Administrator				- -			2022 / 1		31/12/2022

Doc No   Document Sequence

	1				2022000001106000011					

	Account Code	Analytical Account	Name	Currency	Debit	Credit	Debit_For.	Credit_For.	Description	Center No	Center Na
	1141010001		Inventory...	SAR	2310	0	0	0	You Have Purchase Invoice		
	2111010001	4	Al Shamrani Co.	SAR	0	2100	0	0	You Have Purchase Invoice		
	4121010001		Free Qunatities Inventory R	SAR	0	210	0	0	FOC Qty Cost for Invoice No2		

Total Debit   2,310.00
Total Credit   2,310.00

6. Open the "**Item Movements**" screen and search for "**Al Marai Mixed Berry Juice - 1.5Liter**"; in order to make sure that the system has not saved the cost of the items. You will notice that the item's cost is **9 SAR**, which is the same cost that has been entered to the purchase invoice.

1.5.2.2 Example (2): Using Decreasing Cost and Recording Quantities in FOC Quantities Account

The below table shows the value in SAR of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor, noting that the items have been received in warehouse 1:

No.	Item Code	Item Name	Qty	FOC Quantity	Cost	Method of calculate the effect of FOC
1	0302060001	Al Marai Mixed Berry Juice - 1.5Liter	100	10	9	Decreasing Cost
2	0302060003	Nada fresh juice raspberry 1.34Liter	200	20	6	Separate Account

In order to carry out the required transaction, open the "**Purchase Invoice**" screen, create a new invoice by clicking on the "**Add**" button (＋) found in the taskbar, and follow these steps:

1. Enter the invoice data into the **Master Details** tab.
2. Move the cursor to the "**Item Code**" field and press "**F9**", and select the "**Almarai bluberry Juice - 1.5Lt**" from the "**Items List**" that will appear.
3. Press "**F9**" in the Warehouse field and select the "**Warehouse 1**" account from the "**Warehouses List**" that will appear.
4. Enter "**110**" (FOC quantity + Not-FOC-Quantity) in the "**Quantity**" field.

5. Enter "**900**" in the "**Total**" field and click on the "**Enter**" button. Note that this amount equals the total cost of the Not-FOC-Quantity only and it is calculated as follows:

Total cost = Unit cost × Not-FOC-Quantity

$$= 9 * 100 = 900$$

Moreover, the system will automatically calculate the item unit cost – using the equations shown below - and display it in the "**Price**" field.
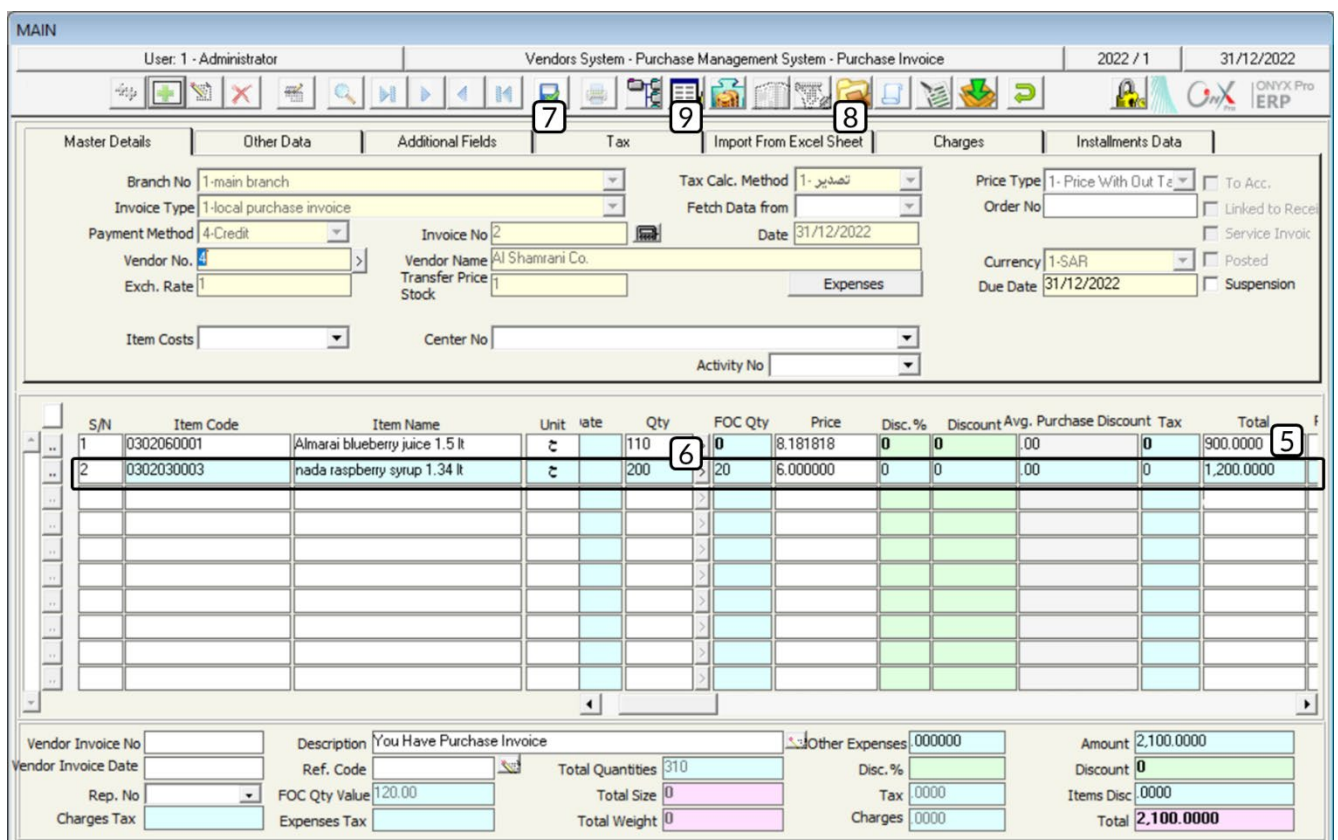
One item unit cost = Total cost ÷ (FOC Quantity + Not-FOC-Quantity)

$$= 900 ÷ (10 + 100) = 900 ÷ 110 = 8.181818$$

6. Enter the rest of the items' data in the same manner as Example (1).

7. Click on the "**Save**" button (⊡); in order to save.

8. Click on the "**Archive**" button (📁); in order to enter all the relevant documents.

9. Click on the **General Journal** button (▤), found in the taskbar; in order to display the account affected by the FOC quantities. Note that until this step, the effect of the FOC quantities does not appear, and to display it, the following transactions will take place:

Account Code	Analytical Account	Name	Currency	Debit	Credit	Debit_For.	Credit_For.	Description	Center No	Center Na
1141010001		Inventory...	SAR	2219.99998	0	0	0	You Have Purchase Invoice		
2111010001	4	Al Shamrani Co.	SAR	0	2099.99998	0	0	You Have Purchase Invoice		
4121010001		Free Qunatities Inventory R	SAR	0	120	0	0	FOC Qty Cost for Invoice No2		

Doc No: 2
Document Sequence: 2022000001106000012

User: 1 - Administrator — 2022 / 1 — 31/12/2022

Total Debit: 2,220.00
Total Credit: 2,220.00

The following equations explain the method used by the system to calculate the amount of money that will be credited to each account.

The amount that will be recorded in the inventory account = Total cost of the first item + Total cost of the second item ……………… (**Equation No. 1**):

A. Total cost of the first item = (FOC Quantity + Not-FOC-Quantity) × Unit Cost

= (10+100) × 8.181818 = 899.99998 SAR

Remark: the unit cost is calculated based on the quantities presented in step number 5.

B. Total cost of the second item = (FOC Quantity + Not-FOC-Quantity) × Unit Cost = (20+200) × 6 = 1,320 SAR

C. By substituting equation No.1, the amount that will be recorded in the Inventory account is: **899.99998 + 1,320 = 2,219.99998**

While the following transactions will take place in (Equation No. 2):

The amount that will be recorded in the vendor's account (**Al Shamrani Co.**) = Total cost of the first item + Total cost of the second item (cost of Not-FOC-Quantity only):

A. Total cost of the first item = (FOC Quantity + Not-FOC-Quantity) × Unit Cost = (10+100) × 8.181818 = 899.99998 SAR

Remark: the unit cost is calculated based on step number 5.

B. Total cost of the second item = Not-FOC-Quantity × Unit Cost = 200 × 6 = 1200 SAR

C. As a result, the amount that will be recorded in the vendor's account (Al Shamari Co. Account) is: **899.99998 + 1200 = 2099.99998 SAR**

While the following transactions will take place in (Equation No. 3):

The amount that will be recorded in the Inventory's FOC Quantities Revenue Account = Total cost of the second item FOC Quantity + Total cost of the third item FOC Quantity:

Total cost of the second item FOC Quantity= Second Item FOC Quantity × Unit Cost = (20 × 6) = 120 SAR

1.6 Discounts

The system allows recording discounts on purchase invoices and it provides users with two methods; in order to calculate the discount effect: (1) Recording the discount in the earned discount account and (2) using the discount in decreasing the cost of the items. Note that the discount calculation method is determined upon configuring the system and cannot be modified after issuing purchase invoices. Besides, the discount value can be calculated, using either a percentage of the invoice value or a specific amount.

The system also provides users with two levels of determining the discount: discount at the invoice level or discount at the item level. Note that the default level is calculating the discount "At the level of the invoice total value" and that the users are allowed to determine the discount for each item in the invoice by activating the "**Use Discount at Item Level**" option, from the screen of "**AP. Parameters**".

1.6.1 Recording Discount in the Earned Discount Account

Upon using this option, the system will record the amounts of the invoice discounts in the Earned Discount Account. Note that the earned discount account is determined upon linking the inventory accounts to the general ledger.

1.6.1.1 Example: Recording Discount in the Earned Discount Account

The below table shows the value in **SAR** of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor, noting that the items have been received in **warehouse 1** and that the organization has earned a **5%** discount of the invoice total value:
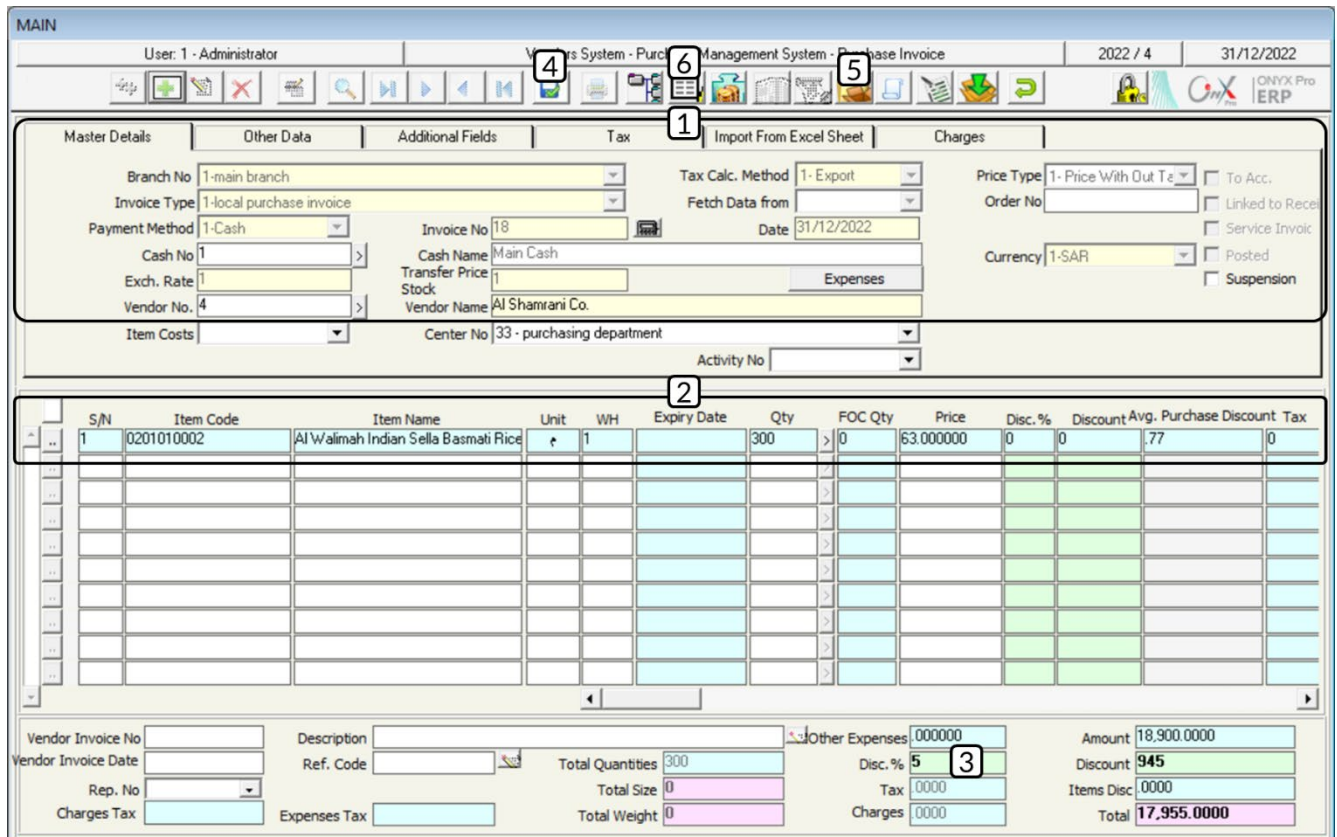
No.	Item Code	Item Name	Quantity	Cost
1	0201020002	Al Walimah Indian Mazza Basmati Rice 10kg	300	63

In order to carry out the required transaction, open the "**Purchase Invoice**" screen, create a new invoice by clicking on the "**Add**" button (➕) found in the taskbar, and follow these steps:

1. Enter the invoice data into the **Master Details** tab.
2. Enter the items' data according to the table shown in the example.
3. Enter "**5**" in the "**Disc.%**" field; so, the system will calculate the discount amount from the invoice value and display it automatically in the "**Discount**" field:

Discount Amount = Invoice Value × Discount Percentage
$$= 18,900 × 0.05 = 945 \text{ SAR}$$

4. Click on the "**Save**" button (🖫); in order to save.
5. Click on the "**Archive**" button (📁) and enter all the relevant documents.

6. Click on the "**General Journal**" button ( ); in order to display the accounting entry of the invoice.

MAIN											2022 / 4	31/12/2022

Account Code	Analytical Account	Name	Currency	Debit	Credit	Debit_For.	Credit_For.	Description	Center No	Center Na
1141010001		Inventory...	SAR	18900	0	0	0			
1111010001	1	Main Cash	SAR	0	17955	0	0			
4121020001		Inventory Disscount Reven	SAR	0	945	0	0	Group Items Discount7	33	purchasing departr

Doc No: 18
Document Sequence: 20220000011060000118

Total Debit 18,900.00
Total Credit 18,900.00

7. Open the "**Item Movements**" screen and search for "**Al Walimah Indian Sella Basmati Rice 10kg**"; in order to make sure that the system has not saved the cost of the items. You will notice that the item's cost is **63 SAR**, which is the same cost that has been entered to the purchase invoice.

1.6.2 Using the Discount in Decreasing the Cost of the Items

Upon using this option, the system will use the amounts of the invoice discounts; in order to decrease the cost of the items.

1.6.2.1 Example:

The below table shows the value in **SAR** of the items that the organization purchased on credit from Alharbi Holding., the local vendor, noting that the items have been received in warehouse 1 and that the organization has earned a **960 SAR** discount of the invoice total value:

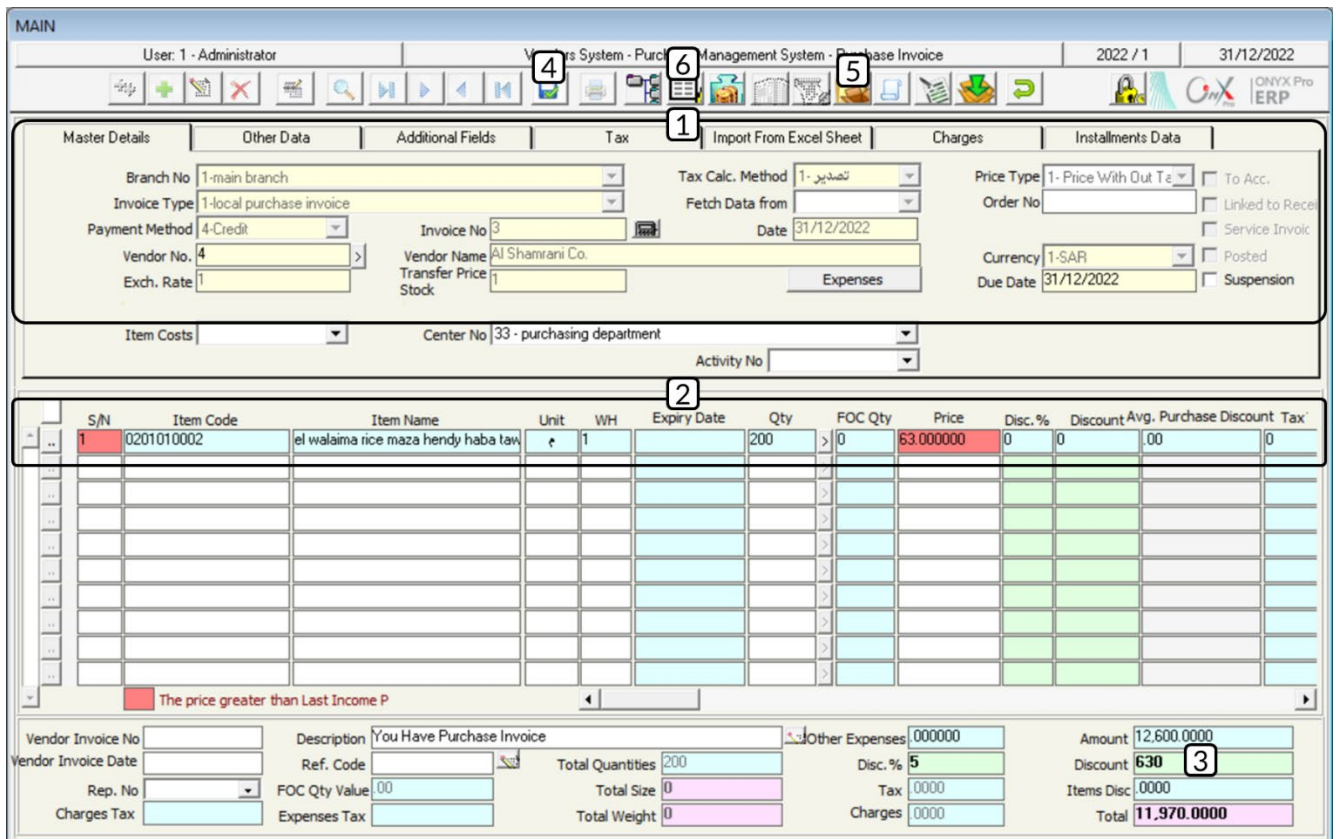| No.	Item Code	Item Name	Quantity	Cost
1	0201020002	Al Walimah Indian Mazza Basmati Rice 10kg	200	63

In order to carry out the required transaction, open the "**Purchase Invoice**" screen, create a new invoice by clicking on the "**Add**" button (➕) found in the taskbar, and follow these steps:

1. Enter the invoice data into the **Master Detail** tab.
2. Enter the items' data according to the table shown in the example.
3. Enter "**630**" in the "**Discount**" field; so, the system will calculate the discount percentage of the invoice value and display it automatically in the "**Disc%**" field:

   Discount Percentage = (Discount Amount / Total Invoice Value) * 100

   = **(630 / 12,600) * 100 = 5%**

4. Click on the "**Save**" button (💾); in order to save.
5. Click on the "**Archive**" button (📁) and enter the relevant document.

6. Click on the "**General Journal**" button ( ); in order to display the accounting entry of the invoice.

Account Code	Analytical Account	Name	Currency	Debit	Credit	Debit_For.	Credit_For.	Description	Center No	Center Na
2111010001	4	Al Shamrani Co.	SAR	0	11970	0	0	You Have Purchase Invoice		
1141010001		Inventory...	SAR	11970	0	0	0	You Have Purchase Invoice		

Doc No: 3
Document Sequence: 2022000001106000013

Total Debit: 11,970.00
Total Credit: 11,970.00

User: 1 - Administrator   2022 / 1   31/12/2022

Note

The system recorded the invoice value after the discount in both: the **Inventory Account** and the **Vendor Account**, as follows:

Total (The amount that will be recorded) = Amount − Discount

=12,600 − 630 = 11,970

7. Open the "**Item Movements**" screen and search for "**Al Walimah Indian Mazza Basmati Rice 10kg**"; in order to make sure that the system has saved the cost of the items. You will notice that the item's cost is 20.9 SAR, while the cost in the purchase invoice is 22 SAR. The following equations explain the item's cost calculation method:

Discount Amount = Discount Percentage × Unit Cost

$$= 0.05 \times 63 = 3.15 \text{ SAR}$$

Item's Cost after Discount = Unit Cost before Discount – Discount Amount

$$= 63 - 3.15 = 59.85 \text{ SAR}$$

1.6.3 Discount at the Item Level

The system provides users with 3 methods in order to record the discount at the item level, noting that the method is determined upon configuring the system, using the "**Item Discount Type**". The discount can be recorded at the item level, whether it will be recorded in the "**Earned Discount Account**" or will be used in decreasing the item's cost. The below table illustrates how these methods are used:

No.	Discount Entering Method	Used Columns	Remarks
1	Percentage	Discount %	Users enter here a percentage "1-100"; so, the system calculates the discount amount per unit and displays it in the Discount field.
2	Amount	Discount	Users enter here the discount as an amount, noting that the entered amount must not exceed the maximum limit of the unit's cost.
3	Percentage / Amount	Discount % and Discount	Users can record the discount, using the previous two methods in the same invoice for two different items. Note that using this method makes both columns appear in the purchase invoice.

1.6.3.1 Example: Discount at the Item Level

The below table shows the value in **SAR** of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor, noting that the items have been received in **warehouse 1** and that the organization has earned a discount on each item:

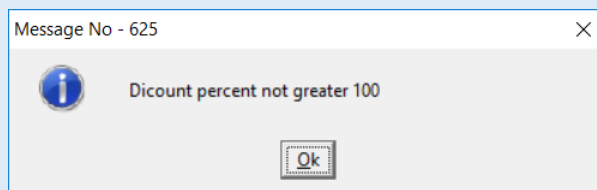| No.	Item Code	Item Name	Qty	Cost	Discount
1	0201020002	Al Walimah Indian Mazza Basmati Rice 10kg	300	63	3 SAR
2	0203070002	Al Osra Coarse Sugar 10 Kg	250	22	5%

In order to carry out the required transaction, open the "**Purchase Invoice**" screen, create a new invoice by clicking on the "**Add**" button ( ) found in the taskbar, and follow these steps:

1. Enter the invoice data into the **Master Details** tab.

2. Enter "**3**" in the "**Discount**" field while entering the data of "**Al Walimah Indian Mazza Basmati Rice 10kg**".

3. Enter "**5**" in the "**Disc %**" field while entering the data of "**Al Osra Coarse Sugar 10 Kg**". Note that the system will calculate the total discount automatically and display it in the "**Items Discount**" field.

> **Note**
>
> If the discount amount exceeded the item's cost, the system will display the following message:
>
> | Message No - 625 | ✕ |
> |---|---|
> | ⓘ   Dicount percent not greater 100 | |
> | Ok | |

4. Click on the "**Save**" button (🖫); in order to save.

5. Click on the '**Archive**" button (📁) and enter the relevant documents.

2. Exercises

1. Enter the data of the following sales invoice:

No.	Field	Value	No.	Field	Value
1	WH	Warehouse 1	4	Customer	Al Salam Supermarkets
2	Payment Method	Credit	5	Currency	SAR

The data of the invoice's items:

No.	Item Code	Item Name	Unit	Qty	Cost
1	0201020001	Al Shalan Indian Sella Basmati Rice 5kg	Pack	30	33 SAR
2	0201020002	Al Walimah Indian Sella Basmati Rice 10kg	Pack	15	63 SAR
3	0203070001	Al Osra Fine Sugar 10 kg	Pack	20	22 SAR

2. Let's assume that the organization bought - on credit - the items shown in the below table from **Naif Food Co.**, the local vendor. Note that the transportation expenses (**1,800 SAR**) were charged on the organization and have been paid in cash from the **Main Cash** account, and that the cost must be distributed automatically on the invoice's items:

No.	Item Number	Item Name	WH	Unit	Quantity	Cost
1	0201020001	Al Shaalan Basmati rice 5 kg- Indian	1	Pack	60	33
2	0201020002	Noodles El Malika 5 KG	1	Pack	40	63
3	0203070002	Al Osra Coarse Sugar 10 Kg	1	Pack	10	22

3. The below table shows the value in SAR of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor:

No.	Item Code	Item Name	WH	Unit	Qty	Free-of-charge (FOC) Qty	Cost
1	0201020001	Al Marai Mixed Berry Juice - 1.5Liter	1	Bottle	50	2	9
2	0201020002	Mirinda Soda - 2.2 Liters	1	Bottle	60	2	6
3	0203070002	Nada fresh juice raspberry 1.34Liter	1	Bottle	100	5	6

4. The below table shows the value in **SAR** of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor:

No.	Item Code	Item Name	WH	Unit	Qty	FOC Quantity	Cost
1	0302060001	Al Marai Mixed Berry Juice - 1.5L	1	Bottle	100	5	9
2	0302060003	Nada fresh juice raspberry 1.34L	2	Bottle	200	10	6

5. The below table shows the value in SAR of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor, noting that the items have been received in warehouse 1:

No.	Item Code	Item Name	Qty	FOC Quantity	Cost	Method of calculate the effect of FOC
1	0302060001	Al Marai Mixed Berry Juice - 1.5Liter	50	5	9	Decreasing Cost
2	0302060003	Nada fresh juice raspberry 1.34Liter	100	10	6	Separate Account

6. The below table shows the value in **SAR** of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor, noting that the

items have been received in **warehouse 1** and that the organization has earned a **4%** discount of the invoice total value:

No.	Item Code	Item Name	Quantity	Cost
1	0201020002	Al Walimah Indian Mazza Basmati Rice 10kg	100	63

7. The below table shows the value in **SAR** of the items that the organization purchased on credit from Alharbi Holding., the local vendor, noting that the items have been received in warehouse 1 and that the organization has earned a **500 SAR** discount of the invoice total value:

No.	Item Code	Item Name	Quantity	Cost
1	0201020002	Al Walimah Indian Mazza Basmati Rice 10kg	100	63

8. The below table shows the value in **SAR** of the items that the organization purchased on credit from **Al Shamrani Co.**, the local vendor, noting that the items have been received in **warehouse 1** and that the organization has earned a discount on each item:

No.	Item Code	Item Name	Qty	Cost	Discount
1	0201020002	Al Walimah Indian Mazza Basmati Rice 10kg	100	63	2 SAR
2	0203070002	Al Osra Coarse Sugar 10 Kg	120	22	3%

2

Second Lesson

Foreign Purchases

Lesson Overview:

In this lesson, you will learn how to carry out all transactions related to external purchases and purchase returns, using the screens of the Onyx ERP system.

Learning Objectives:

By the end of this lesson, you will be able to:

- Create external purchase invoices.
- Create letters of credit.
- Record the accounting effect of an eternal purchase invoice.
- Record the quantities received by the organization's warehouses.
- Record the warehouse effect of an external purchase invoice.
- Create a purchase return invoice.

1. Foreign Purchases

When an organization purchases goods from an external source, the procedures required for carrying out the purchase are different from those required for carrying out a purchase made from an internal source. Note that these are the main different procedures: Cost calculation type, cost calculation method, financial effect recording, goods receipt and its warehouse effect. It's important to mention that the previously mentioned procedures are carried out from the "**Internal Purchases**" screen, in the case of internal purchases. While they are carried out on several stages, using different screens in the case of external purchases; which will be discussed later in detail.

Follow the below steps in order to carry out an external purchase:

1. **Create a foreign purchase invoice**:

   In this step, you enter the data of the foreign purchase invoice: Vendor's data, item's data, etc. Note that, unlike the Local purchases invoice, creating this invoice does not result in any accounting or warehouse effects.

2. **Create a letter of credit**:

   In this step, you open the letter of credit from the "**Letters of Credit**" screen, where, the cost calculation method, and currency and amount of each cost account are determined. Note that these costs are linked to external purchases invoices and that after opening a letter of credit, the system does not record any accounting effect on the letter of credits' accounts.

3. **Record the invoice's accounting effect**:

   In this step, you create an entry; in order to record the accounting effect of the invoice's amount, as well as the costs that the organization will be charged for according to the letter of credit. Note that this step is carried out in the "**Journal voucher**" screen.

4. Record the actual quantities received by the organization's warehouses:

In this step, you record the actual quantity that has been received by the organization's warehouses using the screen of "Foreign Goods Received". This step is very important as some discrepancies may occur between the quantity that will be send from the vendor and the one that received by the organization's warehouses. Noting that recording quantities do not result in modifying the quantities of the items; since the item's final cost has not been calculated yet.

5. Record the warehouse effect of the invoice:

In this step, the purchase costs are distributed among the items. Note that distributing the cost depends on: First, the amounts of the costs that have been recorded in the letter of credits and the actual received quantities that have been received by the organization's warehouses -and recorded in the Foreign Goods Received -. Second, the method of distributing costs among items. The system provides you with several methods to distribute costs among items, such as: the automatic distribution in which the system distributes costs among items based on the cost value of each item from the invoice's total value.

No.	Step	Goal	Used Screen	Accounting Effect	Warehouse Effect
1	Create an external purchase invoice	Recording invoice's data	Foreign Purchase Invoice	No	No
2	Create a letter of credit	Recording the letter of credit's data	Letters of Credit	No	No
3	Record the invoice's accounting effect	Recording the accounting effect	Journal Entries/Payment Voucher	Yes	No
4	Record the actual quantities received by the organization's warehouses	Affecting warehouses and calculating items costs accurately	Foreign Goods Received	No	No
5	Prepare costs of external purchases	Recording the warehouse effect	External Purchases Costs	Yes	Yes

1.1 Example: create a foreign purchase invoice

Follow the necessary steps required in order to purchase the items shown in the below table from **Sky Electronics**, the external vendor. Note that the letter of credit has been created by **Al-Rajhi Bank** and the purchased goods have been received completely to the organization's warehouses.

No.	Item Code	Item Name	Unit	WH	Qty	Price
1	0701090001	TCL Refrigerator, Side by side, 21.6.	Piece	1	200	885 USD
2	0701090002	Panasonic Refrigerator, 23 Cu ft.	Piece	1	40	883 USD

Note that the organization and the vendor agreed on calculating the costs using the FOB method. The below table illustrates the purchase costs:

No.	Account Code	Account	Amount	Payment Method
1	1151010003	Customs Duty	40,000 USD	Bank
2	1151010004	Bank Fees	2,000 USD	Bank
3	1151010005	Transportation Expenses	5,000 SAR	Daily Movement Cash Account
4	1151010002	Shipping Fees	20,000 USD	Bank
5	1151010007	Insurance Expense	2,000 USD	Bank

First: Create external purchase invoice

Open the "**Foreign Purchase Invoice**" screen by following these steps:

Go to: Vendors Systems ➝ Purchase Management System ➝ Transactions ➝ Foreign Purchase Invoice.

Then, follow the below steps:

1. Create a new invoice by clicking on the "**Add**" button (➕).

2. Select "<u>**Foreign Purchases**</u>" from the "**Invoice Type**" field.

3. Select "**Credit**" from the "**Payment Method**" field.

4. Press **F9** in the "**Vendor No.**" field and then select "<u>**Sky Electronics**</u>" from the "**Vendors Data**" list that will appear.

5. Select "<u>**USD**</u>" from the "**Currency**" field.

6. Enter the items data, in the "**Items Data**" fields, according to the table in the previous example.

7. Click on the "**Save**" button (💾); in order to save the invoice.

Second: Create a letter of credit

Open the "**Letters of Credit**" screen by following these steps:

Go to: Vendors Systems ➡ Credit Letter Management System ➡ Letters of Credit.

Then, create a new letter of credit by clicking on the "**Add**" button (➕), found in the taskbar, and follow these steps:

1. Press **F9** in the "**Vendor No.**" field and then select "**Sky Electronics**" from the "**Vendors Data**" list that will appear.

2. Press **F9** in the "**Bank Number**" field and select "**Al-Rajhi Bank**" from the "**Banks**" list that will appear, and then click "**Enter**".

3. Select "**FOB**" from the "**Cost Methods**" field.

4. Move to the "**Master Details**" tab and press "**F9**". Select the invoice that you created in the first step from the "**Purchase Invoices**" list that will appear; therefore, the system will display "**397,750**" in the "**Invoice Amount**" field. At last, copy this amount in order to use it in the next step.

Note

Users can skip this step if they already know the invoice's amount.

5. Go to the "**Financial Data**" tab and select "**USD**" as the invoice's letter of credit currency, and then enter the invoice's amount that you copied, from the "**Amount**" field, in step (4).

Note

The amount and currency of the invoice's letter of credit account must be the same as those of the purchase invoice.

6. Enter the data for the rest of the letters of credit's accounts according to the table shown in the example.

7. Click on the "**Save**" button ( ); in order to save the letter of credit.

Third: Record Invoice's Accounting Effect

Open the "**Journal Vouchers**" screen and follow these steps:

1. Create a new entry by clicking on the "**Add** "button ( ).
2. Select **"Letter of Credit"** from the "**Fetch Data**" field.
3. Press **F9** in the "**LC Number**" field, select the entry that you have created from the "**Letters of Credit**" list that will appear and click "**Enter**".
4. Enter the data of the credit accounts according to the below steps:

    A. The "**Debit**" side = Letter of credit's (Invoice) value and the "**Credit**" side = Sky Electronics Company. Move your cursor to the "**Account Code**" field, press **F7**, select "**Sky Electronics Company**" from the Vendor List that will appear, and enter "<u>**397,750**</u>" in the "**Debit in Foreign Currency**" field.

    B. The amounts in the accounts of (custom duty + bank fees + shipping fees + insurance expenses) = **64,000 USD** and have been paid from Al-Rajhi Bank account. Therefore, the bank will be credited by **64,000** USD. Move your cursor to the "**Account Code**" field, press **F9**, select "**Al-Rajhi Bank**" from the "**Chart of Accounts**" screen that will appear, select the currency as "**USD**", and enter "**397,750**" in the "**Credit in Foreign Currency**" field.

    C. The amount of the transportation cost account in the letter of credit has been paid from the account of the daily movement cash. Therefore, the cash account in the entry will be debited by **5,000** SAR. Move your cursor to the "**Account Code**" field, press **F9**, select "**Daily Movement Cash**" from the "**Chart of Accounts**" screen that will appear, select the currency as "**SAR**", and enter "**5,000**" in the "**Debit**" field.

5. Enter the entry's total amount in the "**Total Amount**" field.

6. Save the entry by clicking on the "**Save**" button ( ).

S/N	Account Code	Detail Account	Name	Currency	Exch. Rate	Percentage	Debit	Credit	Debit_For.	Credit_For.
1	1151010001		Value of LC in Vouchers	USD	3.75		1,491,562.500		397,750.000	
2	1151010002		Freight Fees LC	USD	3.75		75,000.000		20,000.000	
3	1151010003		Customes Fees LC	USD	3.75		150,000.000		40,000.000	
4	1151010004		Banking Fees LC	USD	3.75		7,500.000		2,000.000	
5	1151010007		Insurance fees LC	USD	3.75		7,500.000		2,000.000	
6	1151010005		Transportation Fees LC				5,000.000			
7	2111010008	1	Sky Electronics	USD	3.75			1,491,562.500		397,750.000
8	1112010002	2	Al - Rrajhi Bank	USD	3.75			240,000.000		64,000.000
9	1111010002	2	Daily Movement Cash	SAR	1			5,000.000		

Total: 1,736,562.500 | 1,736,562.500 | .000
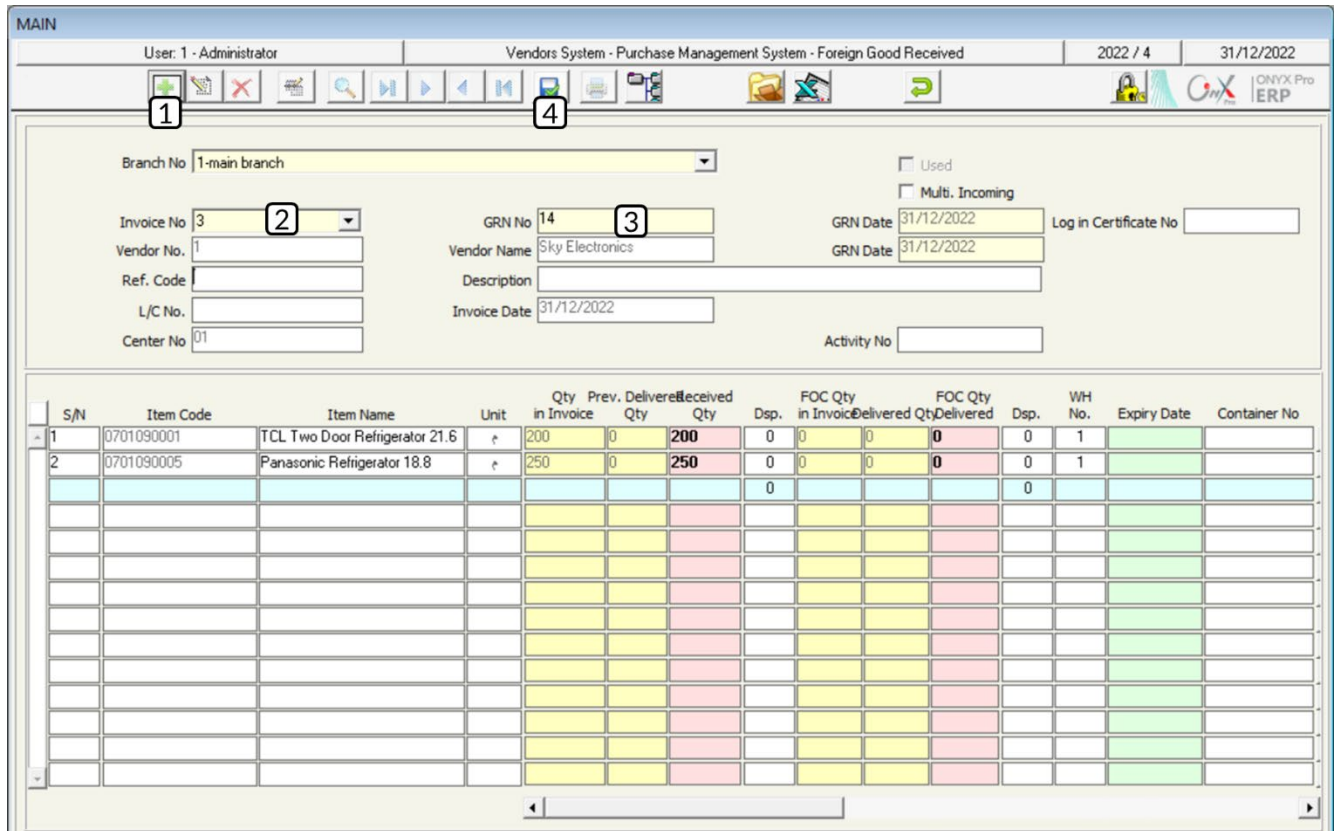
Fourth: Record the actual quantities received by the organization's warehouses

Open the "**Foreign Goods Received**" screen by following these steps:

Go to: Vendors System ➡ Purchase Management System ➡ Transactions ➡ Foreign Goods Received. Then, follow these steps:

1. Create a new goods received note by clicking on the "**Add**" button ( ).
2. Press **F9** in the "**Invoice No.**" field and select the invoice that you created from the "**Unreceived Invoices List**" that the system will display. Then, click "**Enter**"; so, the system will automatically import the data of the purchase invoice items.
3. Press **F9** in the "**Letter of Credit Number**" field and select the letter of credit number that you created from the "**Letters of Credit List**" that the system will display. Then, click "**Enter**".

4. Click on the "**Save**" button (🖫); in order to save the goods received note.

Fifth: Record the warehouse effect of the invoice

Open the "**Foreign Purchases Costs**" screen by following these steps:

Go to: Vendors Systems ➝ Purchase Management System ➝ Transactions ➝ External Purchases Costs. Then, follow these steps:

1. Create a new cost by clicking on the "**Add**" button (➕).
2. Click on the down arrow (▾) in the "**Goods Received Number**" field and select the goods received note that you created in the fourth step.
3. Click on the down arrow (▾) in the "**Letter of Credit Number**" field and select the goods received note that you created in the second step.
4. Tick the "**Automatic Distribution**" option, corresponding to each cost account.

5. Click on the "**Prepare Costs**" button ( ), found in the taskbar; therefore, the system will automatically calculate the item's cost per unit in the external purchase invoice. Note that the cost is calculated after charging all the costs; so, the new cost is displayed in the "**Final Cost**" field.

6. Click on the "**Save**" button ( ); in order to save.

2. Purchase Return

This screen is used for recording the returns of both external and domestic purchases. Note that these purchase returns include the returns of the current financial year and the previous years. You can use one purchase return invoice to record the returns of items purchased using multiple purchase invoices provided that these items are purchased from the same vendor.

2.1 Example (1): Return from Multiple Invoices

The below table shows the data of the items that have been returned to **Naif Food Co.**, the local vendor, noting that these items have been purchased on credit. Use the screen of "**Purchase Return Invoice**" to record this transaction.

No.	Item Number	Item Name	Invoice Number	WH	Quantity
1	0101030001	Al Watania Fresh Chicken – 1000gm	14	1	20
2	0201010001	Goody Macaroni – 500 gm.	15	1	15
3	010103004	Tanmiah Fresh Chicken Drumsticks - 450g	16	1	25

Open the "**Purchase Return Invoice**" screen by following these steps:

Go to: Vendors Systems ⟶ Purchase Management System ⟶ Transactions ⟶ Purchase Return Invoice. Then, follow these steps:

1. Create a new return invoice by clicking on the "**Add**" button ( ).

2. Select "**Credit**" from the "**Payment Method**" field.

3. Press **F9** in the "**Vendor No.**" field and select "**Naif Food Co.**" as the local vendor from the "**Vendors Details**" list that will appear.

4. Select "**SAR**" from the "**Currency**" field.

5. Press **F9** in the "**Item Code**" field and select the first item, shown in the example, from the "**Items List**" that will appear; noting that the items will be ordered according to the "**Item Code**".

6. Press **F9** in the "**Inv. No.**" field and select invoice number "**14**" from the "**Invoice No.**" list that will appear.

> **Note**
> - The invoices that the system displays on the screen of "**Invoice No.**" are displayed according to the data entered in the fields of "**Payment Method – Vendor No. – Currency – Cash/Bank Number**".
> - The system displays the invoice(s) in which the item -that has been selected in the "**Item Code**" field- is purchased. Note that if the user selects an item that has not been purchased before from the vendor, the system will not display the screen of "**Costed Purchase Invoices List**".

7. Enter "**20**" in the "**Qty**" field.

8. Repeat steps **5 - 7** for the rest of the items in the table.

9. Click on the "**Save**" button ( ); in order to save the invoice.

2.2 Example (2): Returned Quantities of All Items Purchased in Same Invoice

The below table shows the data of the items that have been returned to **Sky Electronics**, the local vendor, noting that these items have been purchased according to the invoice number (**17**); in which the items have been purchased in cash and in **USD** from the main cash. Use the screen of "**Purchase Return Invoice**" to record this transaction.

No.	Item Number	Item Name	WH	Quantity
1	0101100001	Al Toshiba Dishwasher, 13 Place Setting	2	10
2	0101090005	Panasonic Refrigerator, 18.8 Cu ft.	2	10
3	0101090004	Toshiba Refrigerator, 14.5 Cu ft.	2	15

Open the "**Purchase Return Invoice**" screen and follow these steps:

1. Create a new return invoice by clicking on the "**Add**" button ([+]).
2. Select "**Cash**" from the "**Payment Method**" field.
3. Press **F9** in the "**Cash No.**" field and select "**Main Cash**" from the "**Cashes**" list that will appear.
4. Click on the down arrow ([▼]) in the "**Currency**" field and select "**USD**".
5. Press **F9** in the "**Vendor Number**" field and select "**Sky Electronics**" as the local vendor from the "**Vendors Data**" list that will appear.
6. Press **F9** in the "**Invoice No.**" field and select invoice number "**17**" from the "**Purchase Invoices**" list that will appear. Then, click "**Enter**"; so, the system calculates the items data automatically.
7. Modify the quantities for all items in the "**Qty**" field according to the previous example.
8. Click on the "**Save**" button ([💾]).

3. Exercises

1. Carry out the necessary steps in order to purchase the items, shown in the below table, from **Sky Electronics** -the external vendor-. Note that the letter of credit has been issued by the Saudi National Bank and that the purchased items have been fully received by the organization's warehouses.

No.	Item Code	Item Name	Unit	WH	Qty	Price
1	0701090004	Toshiba Refrigerator, 14.5 Cu ft.	Piece	2	100	760 USD
2	0701100001	Toshiba Dishwasher, 13 Place Setting	Piece	2	100	460 USD

Note that the organization and the vendor agreed on calculating the costs, using the C&F method. The below table shows the purchase costing.

No.	Account Code	Account	Amount	Payment Method
1	1151010003	Customs Duty	20000 USD	Bank
2	1151010004	Bank Fees	1000 USD	Bank
3	1151010005	Transportation Expenses	2500 SAR	Daily Movement Cash
4	1151010007	Insurance Expense	1000 USD	Bank

2. The below table shows the items that have been returned to Alharbi Holding, the local vendor, noting that these items have been purchased on credit. Use the screen of "**Purchase Return Invoice**" to record this transaction.

No.	Item Code	Item Name	Expiry Date	Quantity	FOC Quantity	Level	Price
1	0101030001	Al Watania Fresh Chicken – 1000gm	10/11/2022	2	----	Retail	19 SAR
2	0201010001	Goody Macaroni – 500gm.	----	5	1	Wholesale	4 SAR
3	010103004	Tanmiah Fresh Chicken Drumsticks - 450gm	----	4	1	Wholesale	6 SAR

3. The below table shows the items that have been returned to **Alharbi Holding**, the local vendor, noting that these items have been purchased according to invoice number (**19**) for which the value Was paid in cash and in **USD**, from the main cash. Use the screen of "**Purchase Return Invoice**" to record this transaction.

No.	Item Code	Item Name	From Quantity	To Quantity	FOC Quantity
1	0201020001	Al Shalan Indian Sella Basmati Rice 5kg	5	10	1
2	0203070001	Al Osra Fine Sugar 10 kg	10	20	1
3	0203070002	Al Osra Coarse Sugar – 10kg	20	30	2

3

Third Lesson

Purchase Orders and Quotations

Lesson Overview:

In this lesson, you will learn how to enter the data of purchase orders. Besides, you will learn how to carry out purchases, from vendors, according to the quotations they make to the organization.

Learning Objectives

- Understand how the following screens are used: Purchase Orders – Purchase Requests – Quotations - Purchase Quotations Technical Compare – Purchase Quotation Technical Compare Filter.
- Create a purchase order.
- Create purchase orders based/not based on purchase requests.
- Carry out all the necessary steps required in the purchase transaction based on vendors quotations.

1. Purchase Orders

Administratively, the purchase can be carried out on three stages: Creating a purchase request, creating a purchase order, and creating a purchase invoice. Note that not all purchases must be carried out on the three mentioned stages; meaning that some purchases can be carried out by creating a purchase invoice only or by creating a purchase order and a purchase invoice or by creating a purchase request and a purchase invoice. The system allows you to select the preferable method according to the policies of your organization.

The purchase orders are created using the "**Purchase Orders**" screen. Note that the purchase order is created based on a purchase request or a separate order. It's important to mention that creating a purchase order does not result in any warehouse or accounting effect.

1.1 Access the screen

Go to: Vendors System ➡ Purchase Management System ➡ Transactions ➡ Purchase Orders.
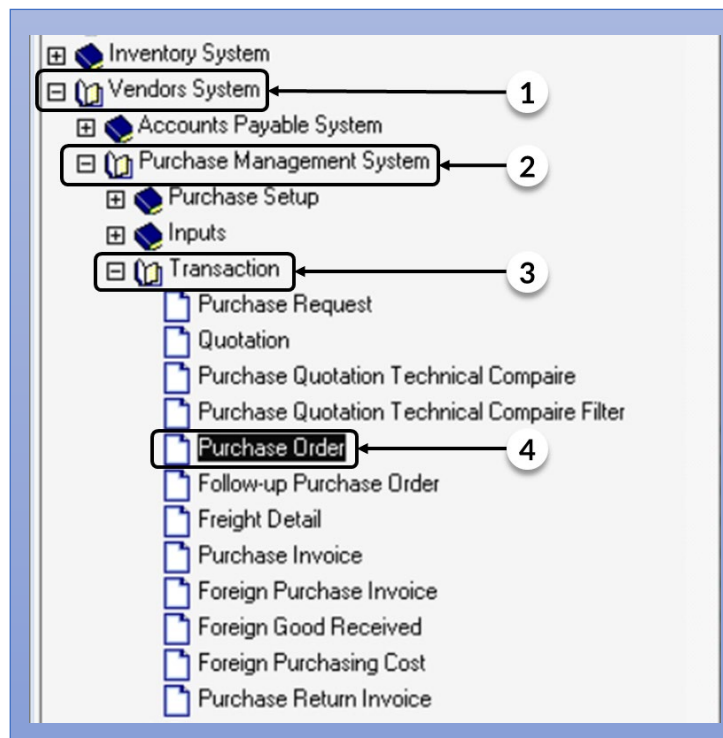
1.2 Screen Components

The data are divided into three main parts: **Essential Data, Items Data**, and **Statistics**.

1.2.1 Essential Data Tabs:

The following table illustrates how the tabs of "**Essential Data**" are used:

No.	Tab Name	Description
1	Master Details	It includes the fields of: "**Vendor Data", "Purchase Currency", "Order Date", "Order Number"**, etc.
2	Track	It is used for tracking the purchase order from creation till closing.
3	Insurance	It is used for entering the data of the insurance, if these items are insured.
4	Additional Fields	It is used for adding additional fields, if there are additional data that cannot be accommodated by the already-existing fields.
5	Import from Excel Sheet	It is used for importing the data of the purchase order from an Excel sheet.

1.2.2 Fields of Master Details Tabs:

The below table illustrates how the main fields of the "**Purchase Orders**" screen are used:

Field	How to Enter data	Description
Vendor No.	Manually (**F9**) – Automatically (Upon importing data from purchase request or quotation)	Used for entering the vendor from whom the goods will be purchased.
Invoice Type	Select from the drop list	Used for selecting the screen, in which the purchase order can be used. This field provides users with the following options: • **Domestic Purchases**: the purchase order appears in the "Domestic Purchases" screen only. • **External Purchases**: the purchase order appears in the "External Purchases" screen only. • **Both**: the purchase order appears in both the domestic purchases and the external purchases.
Financially Closed	Manually	This option does not have any further effects. However, some organizations may need to monitor the purchase orders if they are fetched to the journal entries in the general ledger. Note that this field indicates if the purchase order has been processed or not.
Available Quantity	For display only	The system automatically displays the available quantity of the item upon creating a purchase order. Note that users cannot modify the quantity in this field.
Previous Processed Quantity	For display only	The system displays the quantity that has been purchased of the item based on previous purchase orders. Note that users cannot modify the quantity in this field.
Previous Unprocessed Quantity	For display only	The system displays the quantity of the items that has been entered in the previous purchase orders but has not been actually purchased. Note that users cannot modify the quantity in this field.

1.3 Example (1): Create Purchase Order:

Enter the data of the purchase order, from **Al Shamrani Co.**, for the items shown in the below table. Note that the vendor, **Al Shamrani Co.**, has granted the organization a **3%** discount on the invoice total value:

No.	Item Code	Item Name	Unit	WH	Qty	Price	Discount
1	0302060001	Al Marai Mixed Berry Juice - 1.5Liter	Bottle	1	100	11 SAR	1 SAR
2	0301040001	Mirinda Citrus - 2.2 Liters	Bottle	1	50	7 SAR	-

Open the "**Purchase Orders**" screen, create a new order by clicking on the "**Add**" button (), found in the taskbar, and follow these steps:

1. Press **F9** in the "**Vendor No.**" field, select "**Al Shamrani Co.**" from the "**Vendors Details**" list that will appear, and then click "**Enter**".
2. Select "**Local Purchase Inv.**" from the "Invoice Type" field.
3. Enter the items data according to the example.
4. Enter "**3**" in the "**Disc %**" field.
5. Click on the "**Save**" button (); in order to save.

1.4 Example (2): Create a Purchase Order Based on a Purchase Request:

Carry out the following transactions:

First: use the "**Purchase Requests**" screen; in order to create a purchase request, from **Al Shamarani Co.**, for the items shown in the below table. Note that the organization needs to receive the items of this request by **1/6/2022** and that it has been granted a **3%** discount of the invoice's total value:

No.	Item Code	Item Name	Unit	WH	Qty	Price
1	0302030006	Mirinda Soda - 2.2 L	Bottle	1	100	6 SAR
2	0302060001	Al Marai Mixed Berry Juice - 1.5 L	Bottle	1	80	9 SAR

Second: create a purchase order based on the purchase request, created in the first step.

In order to carry out the transaction required in the first step, open the "**Purchase Requests**" screen, create a new request -by clicking on the "**Add**" button ([+]), found in the taskbar-, and follow these steps:

1. Press **F9** in the "**Vendor Number**" field, select "**Al shamarani Co.**" from the "**Vendors Data**" list that will appear, and click "**Enter**".
2. Select "**SAR**" from the "**Currency**" field.
3. Enter "**27/09/2022**" in the "**Order's Availability Date**" field.
4. Enter the items data according to the example.
5. Click on the "**Save**" button ([icon]); in order to save.

In order to carry out the transaction required in the second step, open the "**Purchase Orders**" screen, create a new order -by clicking on the "**Add**" button (

), found in the taskbar-, and follow these steps:

1. Select "**Purchase Request**" from the "**Fetch Data From**" field.
2. Press **F9** in the "**Request Number**" field, select the request that you created in the first step from the "**Purchase Requests**" screen that will appear, and click on the "**Enter**" button.
3. Select "**SAR**" from the "**Currency**" field.
4. Select **"Local Purchases"** from the "**Invoice Type**" field.
5. Enter the price for each item, according to the example, in the "**Price**" field.
6. Enter "**3**" in the "**Disc %**" field.
7. Click on the "**Save**" button ().

2. Quotations

Some organizations prefer to compare between several quotations -made by the vendors- before purchase. The system provides users with several steps when carrying out a purchase; in order to ensure that the purchase will be carried out based on the best quotation made to the organization and to maintain efficient administrative monitoring; in which each authorized employee carries out their duties. Below are the steps in which a quotation comparison is done:

1- Create Purchase Request:

This is an optional step, in which you enter the data that items that you want to purchase from the "**Purchase Requests**" screen.

2-Make Quotations:

After the organization received the quotations made by vendors, the concerned employee enters the data of these quotations to the "**Quotations**" screen. Note that this screen allows entering the data of a quotation for the items that have been requested in the purchase request or entering the data of a quotation received directly from a vendor without having a purchase request entered in the system.

3-Compare Quotations:

After entering the data of the quotations, a comparison can be done; in order to select the suitable quotation for each item in the "**Quotations Technical Comparison**". The comparison must be done between various quotations made by different vendors for the same item and in the same currency.

4-Approve Quotations:

Comparing quotations may lead to selecting multiple quotations for the same item. Note that for the sake of maintaining high levels of monitoring, the same employee cannot select the suitable quotation and approve it at the same time. Therefore, quotations are approved, using the screen of "**Purchase Quotation Technical Compare Filter**", which provides the following methods:

- **Lowest price**; in which the system selects the quotation with the lowest price from the quotations made for the same item.
- **Manually**; in which users select the suitable quotation manually.

5-Create Purchase Orders:

After selecting the vendor; from which the items will be purchased, users create a purchase order from the "**Purchase Orders**" screen and use the "**Fetch Data From**" field; in order to import the data of the quotation that has been approved in the screen of "**Purchase Quotation Technical Compare Filter**". Note that in step number 4, several quotations -made by different vendors- may be approved; therefore, you must create a separate purchase order for the items that will be purchased from each vendor.

2.1 Example:

The purchase management created the purchase request number (6) for the following items:

No.	Item Code	Item Name	Unit	WH	Qty
1	0203070001	Al Osra Fine Sugar 10 kg	Pack	1	100
2	0203070002	Al Osra Coarse Sugar – 10 Kg	Pack	1	100

Al Shamarani Co. made the below quotation for the purchase request:

No.	Item Code	Item Name	Unit	Price	Quotation Expiry Date	Delivery Period in Days	Discount from Invoice Total
1	0203070001	Al Osra Fine Sugar 10 kg	Pack	22 SAR	1/6/2022	15 Days	400 SAR
2	0203070002	Al Osra Coarse Sugar – 10 Kg	Pack	24 SAR			

Besides, **Naif Food Co.** has made the below quotation:

No.	Item Code	Item Name	Unit	Price	Quotation Expiry Date	Delivery Period in Days	Discount from Invoice Total
1	0203070001	Al Osra Fine Sugar 10 kg	Pack	22 SAR	1/4/2022	10 Days	-
2	0203070002	Al Osra Coarse Sugar – 10 Kg	Pack	20 SAR			

Required:

First: enter the quotation data in the "**Quotations**" screen.

Second: do a technical comparison between quotations, using the "**Quotations Technical Comparison**" screen.

Third: approve the technical comparison, using the screen of "**Filter Technical Comparison of Quotations**"

Fourth: create a purchase order.

In order to carry out the first requirement, enter **Al Shamarani Co.** quotation as follows, Go to: Vendors System ➟ Purchase Management System ➟ Transactions ➟ open the "**Quotations**" screen.

Then, create a new quotation by clicking on the "**Add**" button ( ), found in the task bar and follow these steps:

1. Press **F9** in the "**Request No.**" field, select the request number (**6**) from the "**Purchase requests**" screen that will appear, and click "**Enter**".

2. Press **F9** in the "**Vendor No.**" field, select "**Al Shamarani Co.**" from the "**Vendors Details**" list that will appear, and click "**Enter**".

3. Select "**SAR**" from the "**Currency**" field.

4. Enter "**01/06/2022**" in the "**Quotations Expiry Date**" field.

5. Enter "**15**" in the "**Delivery Period in Days**" field.

6. In the "**Price**" field, enter the price of each item according to each vendor's quotation.

7. Enter "**400**" in the "**Discount**" field.

8. Click on the "**Save**" button ( ); in order to save.

In order to add the quotation of **Naif Food Co.**, open the "**Quotations**" screen, create a new quotation by clicking on the "**Add**" button (➕), found in the task bar and follow these steps:

1. Press **F9** in the "**Vendor No.**" field, select "**Naif Food Co.**" from the "**Vendors Data**" list that will appear, and click "**Enter**".
2. Select "**SAR**" from the "**Currency**" field.
3. Enter "**01/06/2022**" in the "**Quotations Expiry Date**" field.
4. Enter "**10**" in the "**Delivery Period in Days**" field.
5. In the items data fields, enter the data as in the vendors quotation.
6. Click on the "**Save**" button (✅); in order to save.

In order to carry out the second requirement:

In order to carry out a technical comparison between the two quotations that have been entered in the first step; Go to: Vendors System ➝ Purchase Management System ➝ Transactions ➝ open the "**Purchase Quotations Technical Compare**" screen.

Create a new technical comparison by clicking on the "**Add**" button (➕), found in the taskbar and follow these steps:

1. Select "**SAR**" from the "**Currency**" field.

2. Click on the (☑) button in the "**Quotation No**" field; in order to open the "**Price Quotations**" screen. Then, select the quotation that you entered in the first step.

3. Select the quotation with the lowest price for each item from the "**Approve**" field.

4. Click on the "**Save**" button ( ); in order to save.

In order to carry out the third requirement:

In order to approve the quotation according to the technical comparison that was done in the second step; Go to: Vendors System ➡ Purchase Management System ➡ Transactions ➡ open the "**Purchase Quotation Technical Compare Filter**" screen.

Then, create a new technical comparison by clicking on the "**Add**" button (➕), found in the taskbar and follow these steps:

1. Select "**SAR**" in the "**Currency**" field.

2. Move your cursor to the "**Number**" field, select the comparison that you have created in the second step from the "**Technical Comparisons of Quotations**" list that will appear, and select "**Enter**".

3. Click on the "**Save**" button (☑); in order to save.

In order to carry out the fourth requirement:

Note that you have to create a separate purchase order for each item; since, each purchase quotation has been approved from a different vendor in the previous step. In the upcoming steps, we will discuss how to create a purchase order for the "**Al Osra Coarse Sugar – 10 Kg**" item. So, you can follow the same steps to carry out a purchase order for the second item.

Create a new purchase order by opening the "**Purchase Orders**" screen and clicking on the "**Add**" button ( ), found in the taskbar and follow these steps:

1. Press **F9** in the "**Vendor No.**" field, select "**Naif Food Co.**" from the "**Vendors Data**" list that will appear, and click "**Enter**".

2. Select "**Filter Technical Comparison of Quotations**" from the "**Fetch Data From**" field.

3. Press **F9** in the "**Doc No.**" field and select the technical study that you approved in the third step from the "**Filter Technical Comparison of Quotations**" list that will appear. Lastly, click "**Enter**"; so, the system will display the items that will be purchased from **Al Shamarani Co.** only.

4. Complete the items' data entry.

5. Click on the "**Save**" button ( ).

User: 1 - Administrator	Vendors System - Purchase Management System - Purchase Order	2022 / 4	31/12/2022

Tabs: Master Details | Follow Up | Insurance | Charges | Tax | Additional Fields | Import From Excel Sheet

Branch No: 1-main branch
Type: 1 -P.Order
Order No: 7
Fetch Data from: 7- Purchase Quotation Technical Co.
Vendor No. 5
Vendor Name: Naif Food Co,
Description:
Cost Center:
Invoice Type: 1- All
Item Costs:
Contract No:
Deactivation Reason:
Po Expire Date:
Rep. No:

L/C Status: 1 - Not Approved
Order Date: 04/05/2022
Doc No: 2
Currency: 1- SAR
Ref. Code:
Activity No:
Tax Calc. Method: 1- Export
Price Type: 1 - Price With Out Tax

☐ Used
☐ Financially Closed
☐ Service Invoice
☐ Linked to Contract
☐ Enter Shipping Qtys before Rec
☐ Inactive
☐ Show vendor items only

S/N	Item Code	Item Name	Unit	Factor	WH	Expiry Date	Qty	FOC Qty	Price	Disc.%	Discount	Avg. Purchase Disco
1	0203070002	Al Osra Coarse Sugar 10 Kg	ق		1		100		20.000000	0	.00	

Vendor Invoice No:
Vendor Invoice Date:
Total Quantities: 100
Total Weight: 0
Disc.%:
Total Size: 0
Discount: 0
Items Disc: 0
Tax: 0000
Charges: 00
Amount: 2,000.0000
Total: 2,000.0000

3. Exercises

1. Enter the data of the purchase order made by **Naif Food Co.** for the items shown in the below table. Note that the vendor, **Naif Food Co.**, has granted the organization a 5% discount on the invoice's total value:

No.	Item Code	Item Name	Unit	WH	Qty	Price	Discount
1	0301040004	Mirinda Soda - 2.2 Liters	Bottle	1	500	7 SAR	1 SAR
2	0301040002	Pepsi 325 ml	Bottle	1	100	3.5 SAR	------

2. Carry out the following transactions:

First: use the "**Purchase Requests**" screen; in order to create a purchase request, from Al Shamarani Co., for the items shown in the below table. Note that the organization needs to receive the items of this request by **1/6/2022** and that it has been granted a **3%** discount of the invoice's total value:

No.	Item Code	Item Name	Unit	WH	Qty	Price
1	0401040001	Dari Frozen Chicken 1 kg	Piece	1	50	7 SAR
2	0101030001	Alwatania Poultry Fresh Chicken 1000g	Piece	1	100	3.5 SAR

Second: create a purchase order based on the purchase request, created in the first step.

3. The purchase management created the purchase request number (**15**) for the following items:

No.	Item Code	Item Name	Unit	WH	Qty
1	0201020001	Al Shalan Indian Sella Basmati Rice 5kg	Pack	1	50
2	0201010001	Goody Macaroni Conchigli 500g	Pack	1	35

Al shamarani Co. made the below quotation for the purchase request:

No.	Item Code	Item Name	Unit	Price	Quotation Expiry Date	Delivery Period in Days	Discount from Invoice Total
1	0201020001	Al Shalan Indian Sella Basmati Rice 5kg	Pack	30 SAR	1/7/2023	15 Days	500 SAR
2	0201010001	Goody Macaroni Conchigli 500g	Pack	4.5 SAR			

Besides, **Naif Food Co.** has made the below quotation:

No.	Item Code	Item Name	Unit	Price	Quotation Expiry Date	Delivery Period in Days	Discount from Invoice Total
1	0201020001	Al Shalan Indian Sella Basmati Rice 5kg	Pack	30 SAR	5/7/2023	12 Days	-
2	0201010001	Goody Macaroni Conchigli 500g	Pack	3 SAR			

Required:

First: enter the quotation data in the "**Quotations**" screen.

Second: do a technical comparison between quotations, using the "**Quotations Technical Comparison**" screen.

Third: approve the technical comparison, using the screen of "**Filter Technical Comparison of Quotations**"

Fourth: create a purchase order.

4

Fourth Lesson

Accounts Payable System

Lesson Overview:

In this lesson, you will learn how to enter and renew the data of the incoming agreements, pay cash installments to vendors, and apply additional discounts on purchase invoices.

Learning Objectives

By the end of this lesson, you will be able to:

- Understand how to use the following screens: Contracts – Contracts Renew – Payment Voucher – Additional Discount for Purchase.
- Enter the data of a contract.
- Renew a contract.
- Pay an installment of a vendor's account, using the "**Payment Voucher**" screen.
- Record an additional discount on a purchase invoice.

1. Contracts

The "**Contracts Data**" screen is used for entering the data of the contracts that the organization signs with the vendors. The screen allows entering all the contract-related data, such as the quantities of the items that will be received, the goods received price for each item, and the amount of each discount -if any-.

1.1 Access the screen

Go to: Vendors System ➝ Accounts Payable System ➝ Transactions ➝ Contract Details.
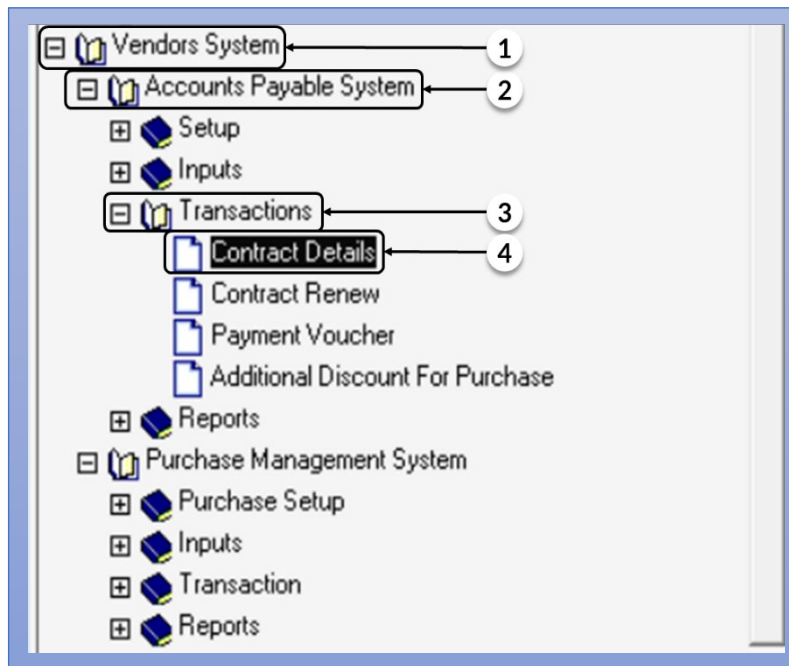
1.2 Screen Components

This screen consists of three main parts: **Essential Data**, **Items' Data**, and **Totals**. First, the main tabs include the fields that are used in entering the contact's data. Second, the items' data include the fields of the item's "**Qty**", "**Price**", and "**Discount**" -if any-. Third, the totals include the fields that show the total amounts in a contract, such as "**Total Discount**" and "**Contract Net Amount**".

1.2.1 Main Data Tabs

The below table shows how each of the main tabs is used.

No.	Tab Name	Description
1	Main Data	It includes the fields of: "**Contract Start Date**", "**Contract End Date**", "**Contract Currency**", and "**Vendor Data**", etc.
2	Other Data	It is used for saving additional information about the contract, such as "**Period in Days before Contract End Date**" -so the system can alert the user-, features of "**Contract Suspension**" and "**End Contract Suspension**", etc.
3	Extend Period	It is used for entering the contract renewal data, such as "**Contract End Date after Extension**".
4	Add Amount	It is used for adding an amount to the contract's net value.
5	Installments Data	It is used for dividing the contract into installments.
6	Additional Data	It is used for adding any additional fields, is needed.

1.3 Example: Enter a contract's data

Enter the below contract's data

Field	Value	Field	Value
Contract Start Date	1/09/2022	Contract End Date	30/11/2022
Vendor	Al Shamarani Co.	Currency	SAR
Remarks	The contract must be renewed a month before it ends	Alert before Contract Ends	40 Days

Data of the Contract's Items:

No.	Item Code	Item Name	Unit	Qty	Free of Charge (FOC) Qty	Price	Discount
1	0201020001	Al Shaalan Basmati rice 5 kg-Indian	Pack	300	10	30 SAR	-----
2	0201020002	Al Walimah Indian Mazza Basmati Rice 10kg	Pack	250	-----	63 SAR	2 SAR
3	0203070001	Al Osra Icing Sugar – 10 Kg	Pack	100	-----	22 SAR	-----

In order to carry out this transaction, open the "**Contracts Data**" screen, create a new contract by clicking on the "**Add**" button ( ), found in the task bar, and follow these steps:

1. Enter "**1/09/2022**" in the "**Contract Start Date**" field.
2. Enter "**30/11/2022**" in the "**Contract End Date**" field.
3. Press **F9** in the "**Vendor No.**" field, select "**Al Shamarani Co.**" from the "**Vendors Data**" screen that will appear, and click "**Enter**".
4. Select "**SAR**" in the "**Currency**" field.

5. Enter the data of the items according to the given example.

6. Enter the contract's total amount in the "**Amount**" field.

> **Note**
>
> The amount must equal the contract's total value that will automatically be calculated in the "**Total**" field. Otherwise, the system will display the following message:
>
>
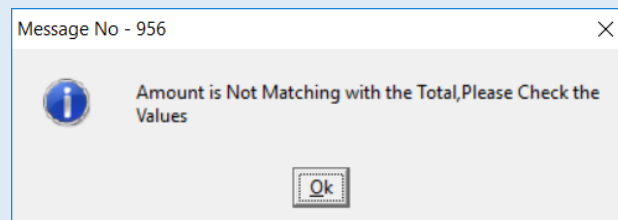
7. Go to the "**Other Data**" tab.

8. Write "**The contract must be renewed a month before it ends**" in the "**Remarks**" field.

9. Enter "**40**" in the "**Alert before the contract ends**".

10. Click on the "**Save**" button ( ); in order to save the contract's data.

2. Renew a contract

The "**Renew Contracts**" screen is used for renewing the contracts that are near to expiry.
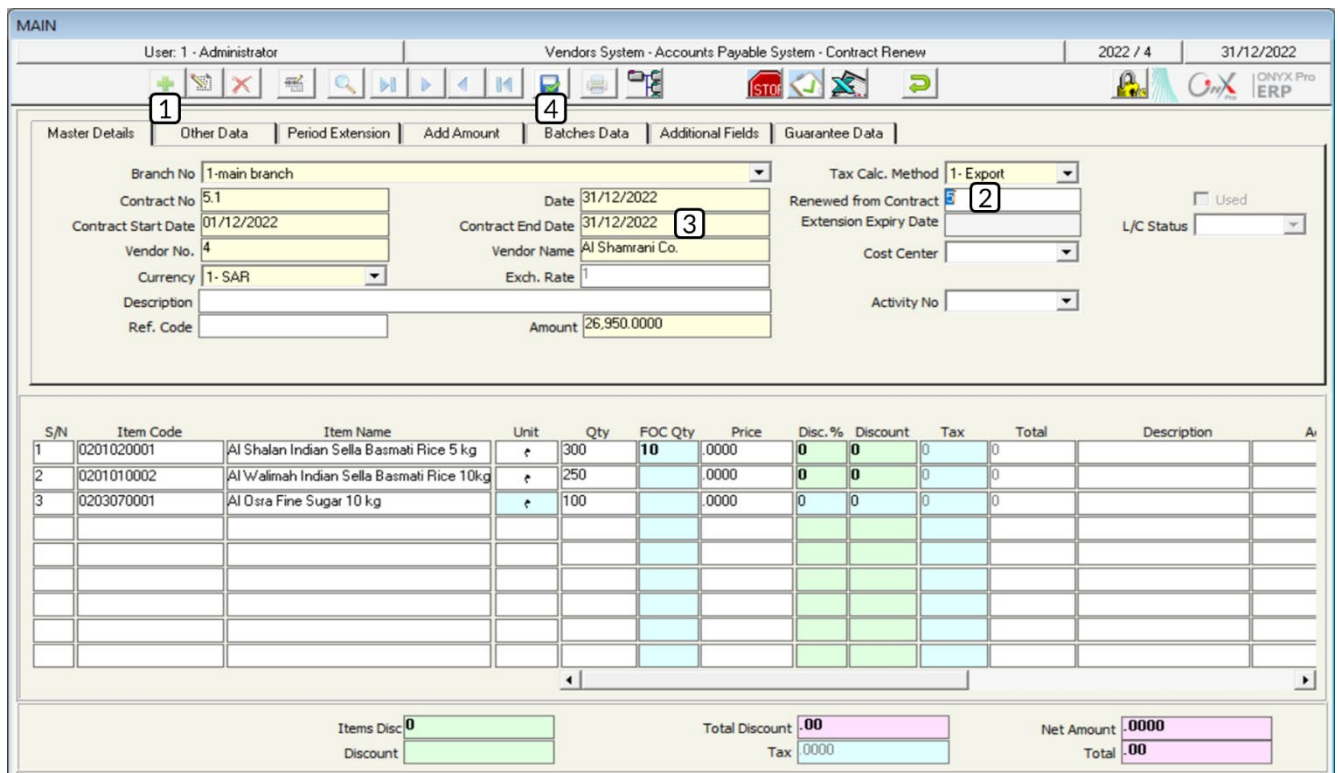
2.1 Example: Contract Renew

Renew the contract number **5** until **31/12/2022**.

Open the "**Contracts Renew**" screen, as follows:

Go to: Vendors System ➡ Accounts Payable System ➡ Transactions ➡ Contracts Renew. Then, follow these steps:

1. Click on the "**Add**" button ( ), found in the taskbar.
2. Press **F9** in the "**Renew from Contract**" field, select contract number 5 from the "**Contracts Details**" -containing the approved contracts- that will appear, and click "**Enter**".
3. Enter "**31/12/2022**" in the "**Contract End Date**" field.
4. Save the contract renewal by clicking on the "**Save**" button ( ).

> **Note**
>
> -The system will consider the next day of the contract's end date to be the new start date.
>
> -The system will automatically generate the number of the renewed contract.

3. Pay an Installment to Vendor

The system provides payment vouchers that allow users to pay amounts to vendors without needing to grant a user the privilege to do so from the Accounts system.

3.1 Example (1):

Enter the data of the following transaction:

Pay **4,450 SAR** from the main cash account to **Al Shamarani Co.** account.

In order to carry out this transaction, open the "**Payment Voucher**" screen as follows:

The Vendors System �The Vendors System Accounts Payable System ➡ Transactions ➡ Payment Voucher. Then, follow these steps:

1. Create a new payment voucher by clicking on the "**Add**" button (), found in the taskbar.
2. Select the "**Main Cash**" from the "**Cash No**" field.
3. Select "**SAR**" in the "**Currency**" field.
4. 4-Enter "**4,450**" in the "**Amount**" field.
5. Write "**Al Shamarani Co.**" in the "**Cash/Bank Statement**" field.
6. Press **F9** in the "**Account Code**" field and select "**Local Vendors**" account from the "**Chart of Accounts**" screen that will appear.
7. Press **F9** in the "**Detail Account**" field and select "**Al Shamarani Co.**" account from the '**Vendors Details**" screen that will appear.

8. Enter the rest of the required data in the fields of "**Description**", "**Currency**", and "**Amount**".

9. Click on the "**Save**" button ( ); in order to save the voucher.

4. Additional Discounts of Purchase Invoices

This screen is used for recording the additional discount that will be granted to the organization, by the vendor, on the on-credit-purchase-invoices. the discount is applied either to the invoice's total value or to the item's value. Note that the additional discounts do not result in any warehouse effects, yet the system automatically creates the following entry after receiving an additional discount:

Debit	Credit	Description
(Total Cost of FOC & Not-FOC Quantities)		From Vendor's account (Or an intermediary account that the user selects)
	(Cost of Not-FOC-Quantities)	To Additional discount account

4.1 Access the screen

Go to: Vendors System ➡ Accounts Payable System ➡ Transactions ➡ Additional Discount for Purchase.
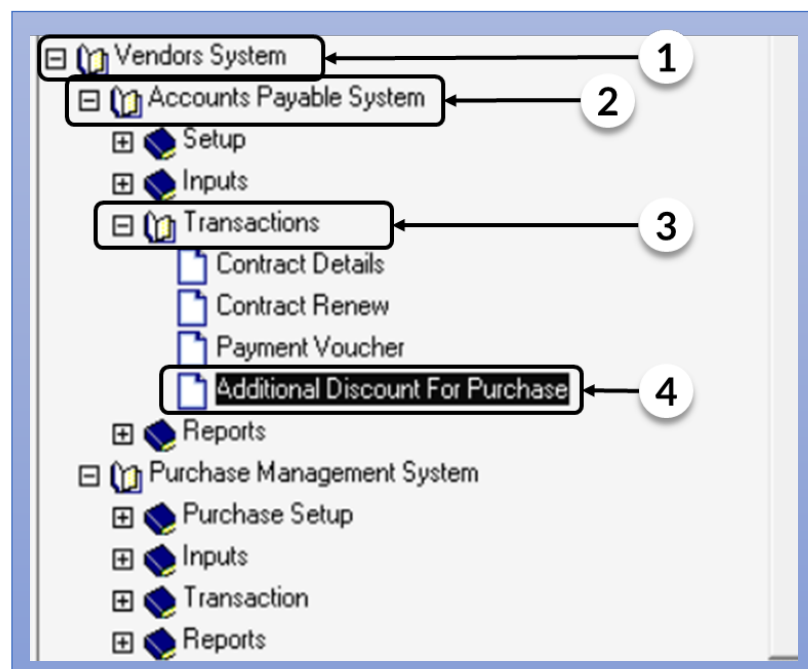
4.2 Screen Components

The data of this screen are: **Main Data** and **Items Data**.

4.2.1 Fields of Main Data Tabs

The fields in this tab are used for displaying the data of the invoice for which a discount and an additional discount will be recorded. The below table shows how the main fields of this tab are used.

Field	How to enter data	Description
Discount Type	Select from a drop list	It is used for selecting the discount type from the following: **By Invoice:** In which the additional discount is calculated on the total value of the invoice. **By Item:** In which the additional discount is calculated on the item's value. Note that in this case, the system displays the "**Additional Discount**" field corresponding to each item in the "**Items Data**" screen and that the fields of calculating the additional discount by the invoice disappear.
Invoice No	F9	It is used for selecting the purchase invoice for which a discount will be calculated.

Additional Discount %	Manually/Automatically	It is used for entering the discount's value as a percentage. It is also used for displaying the discount value as a percentage if the user selects the discount amount in the "**Additional Discount**" field.
Additional Discount	Manually/Automatically	It is used for entering the discount's value as a certain amount. It is also used for displaying the discount amount as a percentage if the user selects the discount amount as a percentage in the "**Additional Discount %**" field.
Net	Automatically	It is used for displaying the invoice's net value after applying all the discount.
Discount Acc. No	F9	It is used for selecting the Account Code of the additional discount to which the additional discount amount will be transferred. Note that this account is affected as "**Credit**" after applying the additional discount.

4.3 Example (1): Discount by Invoice

Record a discount of **1,000 SAR** on the total amount of the purchase invoice number (**1**).

In order to carry out this transaction, open the "**Additional Discount for Purchase**", then follow these steps:
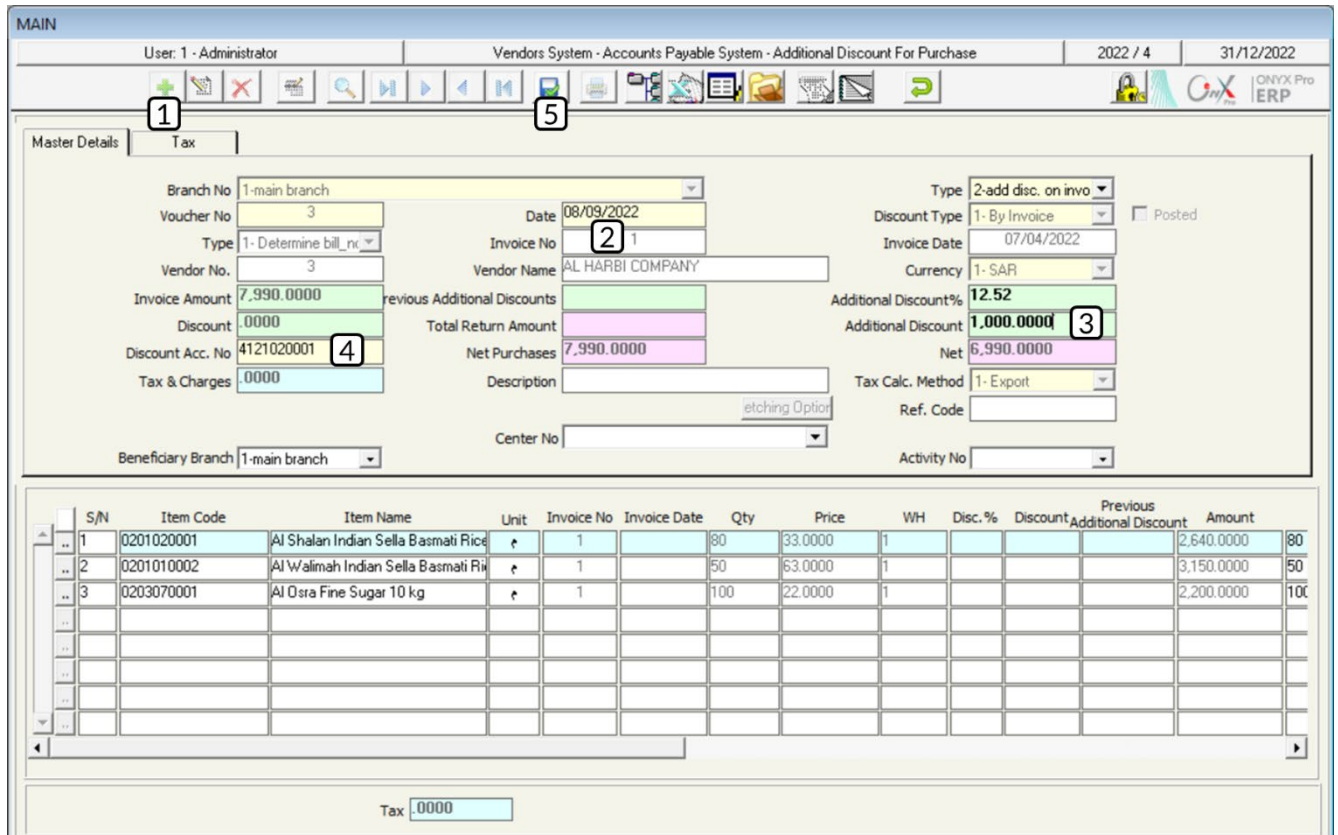
1. Create a new discount by clicking on the "**Add**" button ( ), found in the taskbar.

2. Press **F9** in the "**Invoice No.**" field, select the invoice mention in the example from the "**Purchase Invoices**" list that will appear, and click "**Enter**".

3. Enter "**1,000**" in the "**Additional Discount**" field.

> **Note**
>
> The additional discount amount must not exceed the invoice's total amount. Note that if the user enters an additional discount greater than the invoice's total value, the following message will appear upon saving the contract:
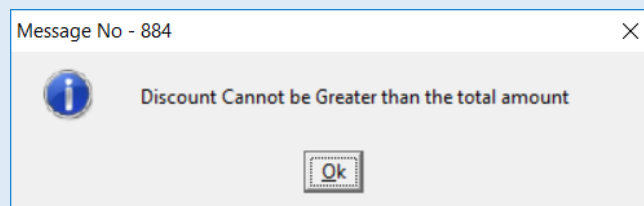
4. Press **F9** in the "**Discount Acc. No**" field and select the "**Additional Discount**" account from the "**Accounts**" screen that will appear.

5. Click on the "**Save**" button (![save icon]); in order to save the discount.

4.4 Example (2): Discount by Item

Let's assume that the organization was granted an additional discount on some of the items, purchased in invoice number **(5)**, as shown in the below table. Use the "**Additional Discount for Purchase**" to record the discount.

No.	Item Code	Item Name	Qty	Cost
1	0101030001	Alwatania Poultry Fresh Chicken 1000g	Piece	3 SAR
2	0101030002	Tanmiah Fresh Boneless Chicken Breast 450g	Pack	2 SAR
3	0101030003	Radwa Chicken Marinated Tandoori 650g	Pack	2 SAR

In order to carry out this transaction, open the "**Additional Discount for Purchase**", then follow these steps:

1. Create a new discount by clicking on the "**Add**" button ( )، found in the taskbar.

2. Click on the down arrow ( ) in the "**Discount Type**" field and select "**By Item**" from the drop list that will appear.

3. Press **F9** in the "**Invoice No**" field and select the invoice mention in the example from the "**Purchase Invoices**" list.

4. Press **F9** in the "**Account Code**" field and select the "**Additional Discount**" account from the "**Accounts**" screen that will appear.

5. Search for the "**Additional Discount**" field in the Items Data and enter the discount amount for each item according to the example.

6. Click on the "**Save**" button ( ); in order to save the discount.

5. Exercise

1. Enter the below contract's data

Field	Value	Field	Value
Contract Start Date	1/04/2024	Contract End Date	30/09/2024
Vendor	Al Shamarani Co.	Currency	SAR
Remarks	The contract must be renewed a month before it ends	Alert before Contract Ends	35 Days

Data of the Contract's Items:

No.	Item Code	Item Name	Unit	Qty	Free of Charge (FOC) Qty	Price	Discount
1	0201020001	Al Shaalan Basmati rice 5 kg-Indian	Pack	300	10	30 SAR	-----
2	0201020002	Al Walimah Indian Mazza Basmati Rice 10kg	Pack	250	-----	63 SAR	2 SAR
3	0203070001	Al Osra Icing Sugar – 10 Kg	Pack	100	-----	22 SAR	-----

2. Renew contract number **3** until **1/10/2024**.

3. Pay **3,000 SAR** from the main cash account to **Naif Food Co.** account.

4. Record a discount of **2,000 SAR** on the total value of the purchase invoice number

5. Use the "**Additional Discount for Purchase**" screen; in order to record the discount granted to invoice number **16**. Note that the below table shows the discount amount for each item.