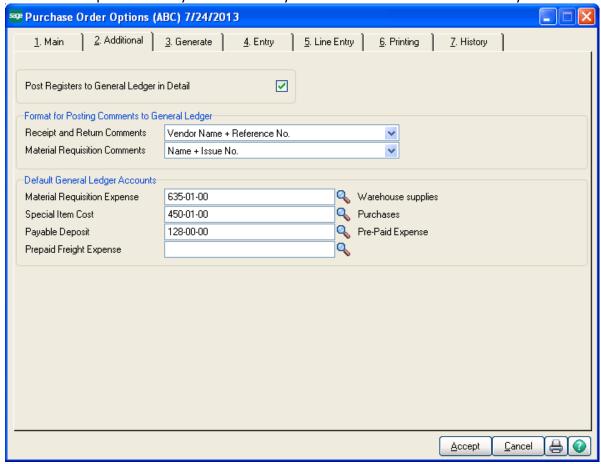
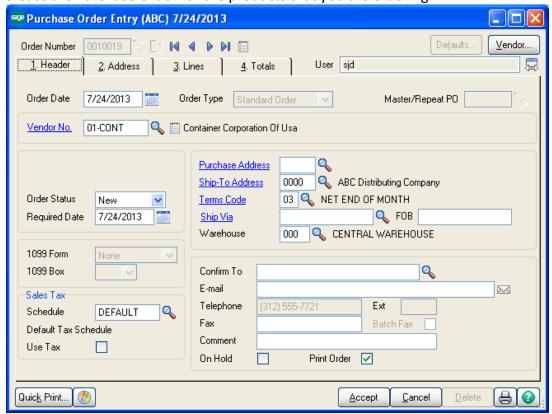
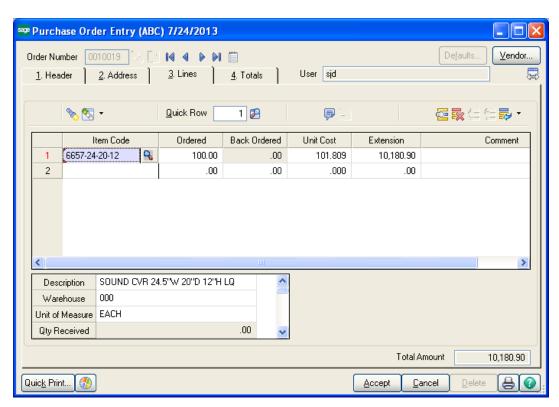
How to Record Pre-Payment for a Purchase Order

1. Click on Purchase Order\Setup\Purchase Order Options. Choose the Additional Tab. Enter the Pre-Paid Expense account in the Payable Deposit field. This is the account that you will record the vendor required Pre-Payment to when you enter the invoice for the Pre-Payment.

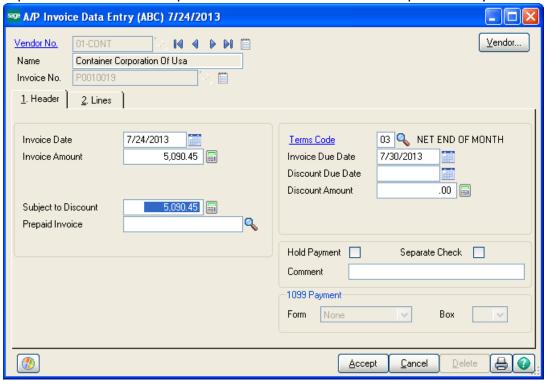


2. Create the Purchase Order for the products that you are ordering.

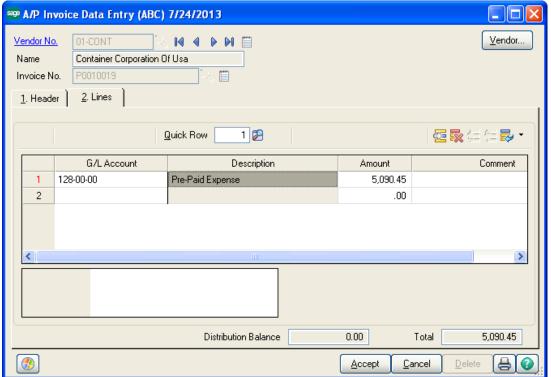




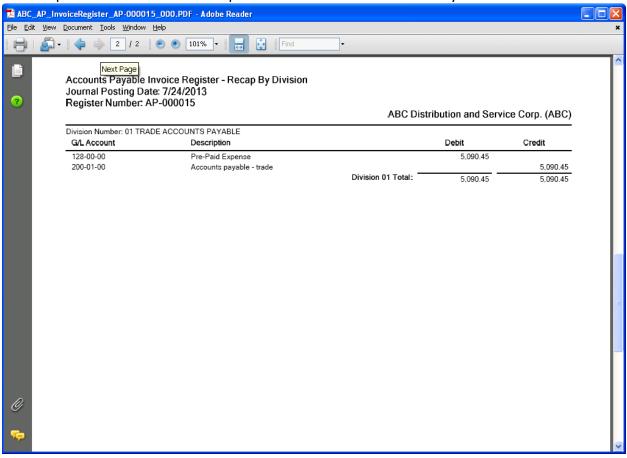
3. Click on Accounts Payable\Main\Invoice Data Entry. Enter a new invoice for the amount of deposit that the vendor requires. You can use the PO number preceded by the letter P.



4. The amount of the pre-payment should be posted to your Pre-Paid Expense account.

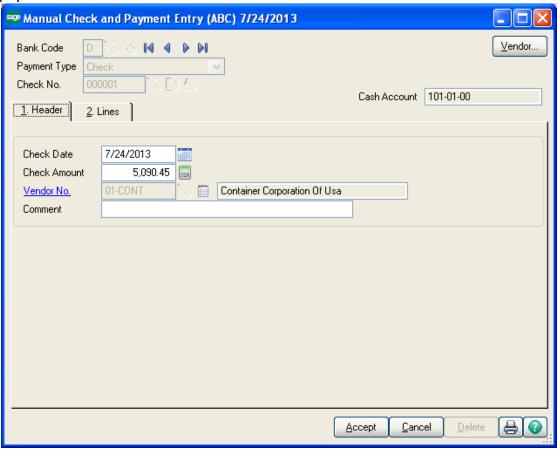


5. This will post a Debit to Pre-Paid Expense and a Credit to Accounts Payable.

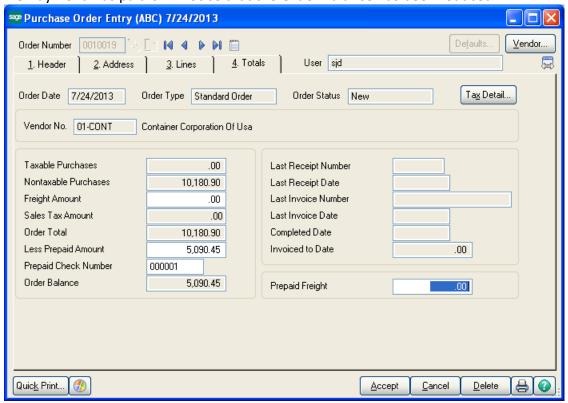


6. Process payment to the vendor as normal.

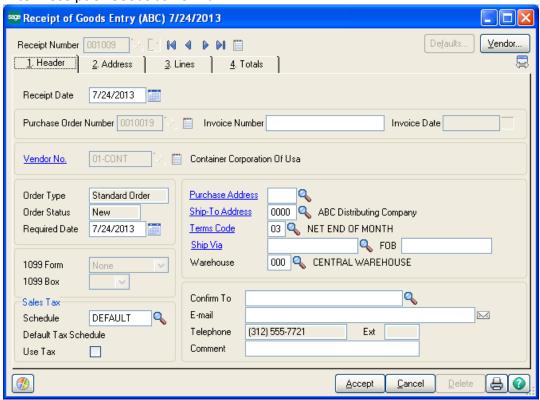
<u>Note:</u> You do NOT have to process a manual check for the invoice. Process your invoice payments as usual.

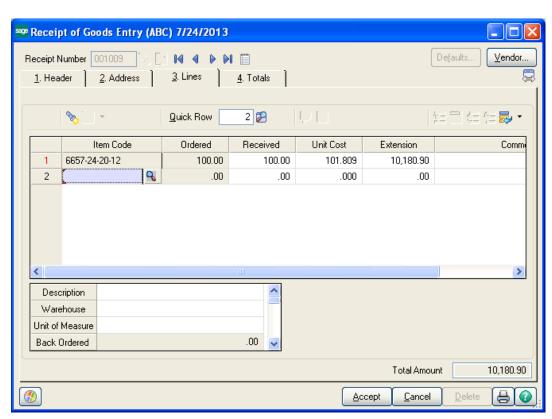


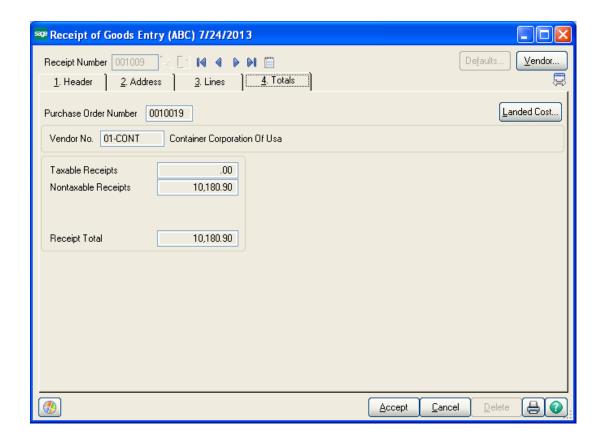
7. Go back to the Purchase Order Entry. Select the original Purchase Order and enter the amount of the Pre-Payment into the Less Prepaid Amount field. Also enter the Check Number that the Pre-Payment was paid on. Notice that the Order Balance has been reduced.



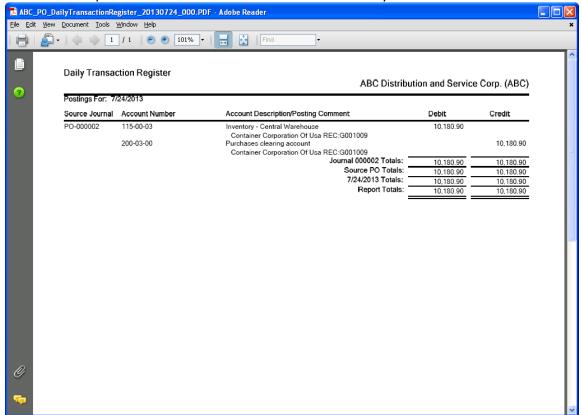
8. Enter Receipt of Goods as normal.



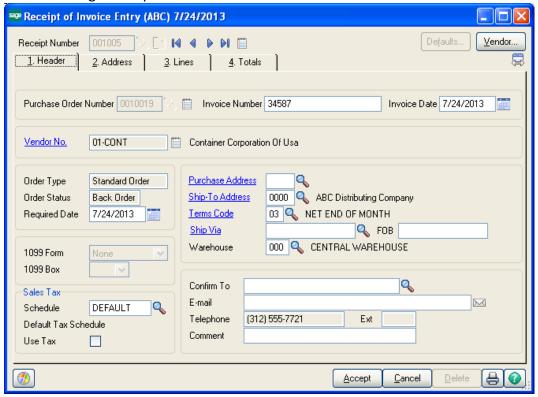


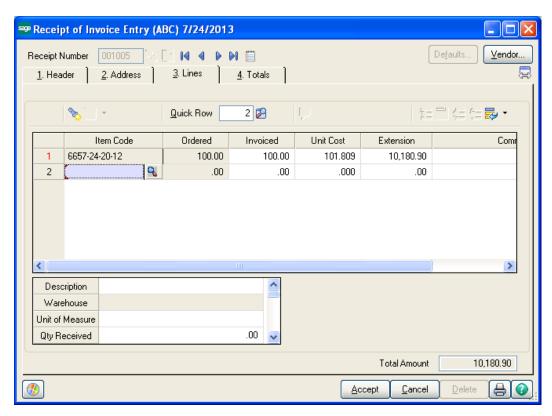


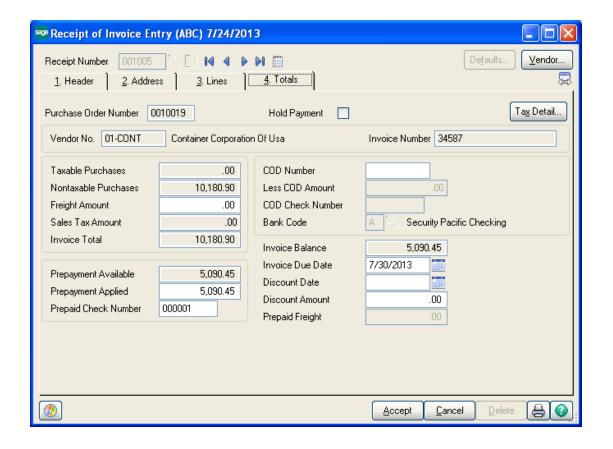
9. Post the Receipt of Goods. This will be a Debit to Inventory and a Credit to Purchases Clearing.



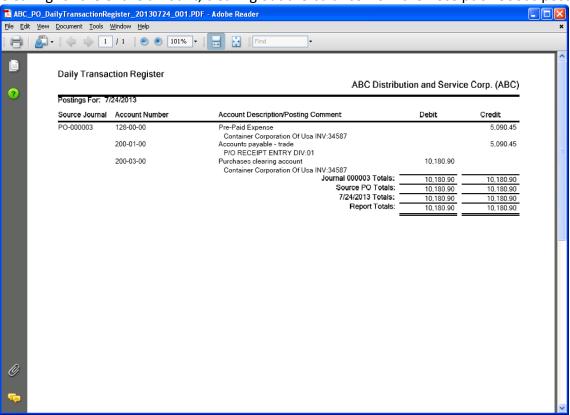
10. When the invoice is received, it should be for the balance of the Purchase Order. Enter the Invoice through Receipt of Invoice.







11. The posting of the invoice will Credit Pre-Paid Expense, clearing out the pre-payment from this account. It will Credit Accounts Payable for the balance of the invoice and will Debit Purchases Clearing for the entire amount, clearing out the balance from the Receipt of Goods posting.



12. The vendor invoices will reflect only the unpaid balance of the invoice from the PO.

