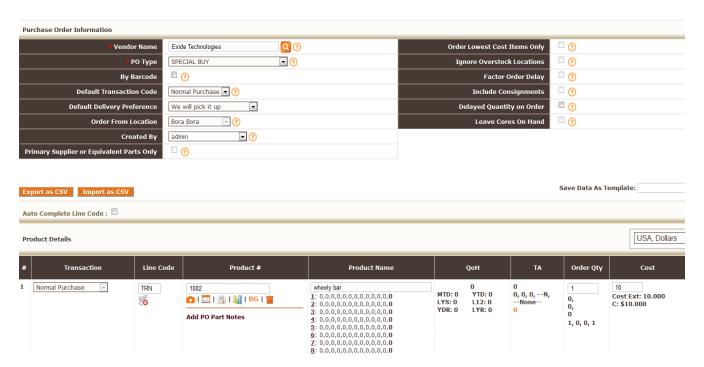
Adding Freight/ Duty to Vendor Invoice Reconciliation

- Distributing to Average Landed Cost (ALC)
- Using "Receipt" numbers when receiving to make VIR easier
- Creating separate bills in QuickBooks for separate vendors (parts, freight, duty)

This document is intended to demonstrate to the user how to distribute freight and duty charges to a third party vendor when doing Vendor Invoice Reconciliation. In this example I am creating a Purchase Order to Exide Technologies to order one part and they are using a third party vendor, called EZR to ship the part.

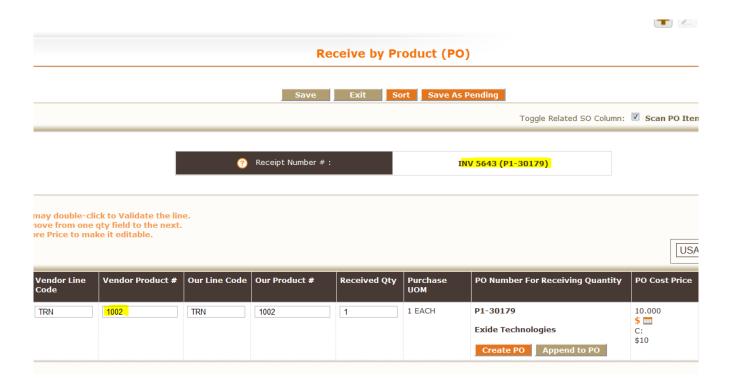
P1-30179 has been created ordering a quantity of one part #1002 from Exide Technologies for \$10.



Note that the current cost and average landed cost of this part were both \$10 prior to the process of distributing freight to the average landed cost.

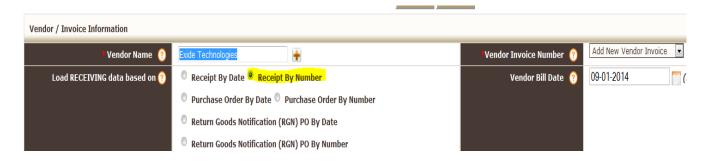
	Select Location
Current Cost (\$)	\$ 10.000
Avg Landed Cost (\$)	\$ 10.000
FIFO Cost (\$)	
Last Cost (\$)	
Lowest Cost (\$)	

When receiving the part I got an invoice along with it. The invoice number is 5643. Although NOT required, it can be helpful to enter a receipt number that ties this instance of receiving to an invoice and/or the Purchase Order number (note the PO# in parenthasis as part of the receipt number).



When doing Vendor Invoice Reconciliation (VIR) you enter the vendor name, the invoice number, the vendor bill date and then you choose to load receiving data based on either the Purchase Order number or the receipt number. Using the receipt number allows the user to do VIR on part of a PO if the PO was received in multiple shipments and invoiced by shipment.

When doing VIR you can do it by individual receipt or purchase order, or do multiple receipts or purchase orders at the same time by choosing more than one.



The next step is to select the receipt # you are doing VIR for (or the Purchase Order number if searching by PO). Once selected click the GET RECONCILIATION FORM button.



Once you have gone throught the process of verifying that the part information is accurate, you can add the freight. The help file next to "Adding Freight/Duty?" directs you through the process.

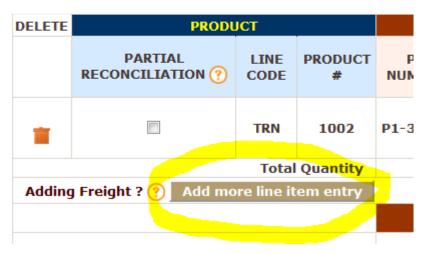
1. Ensure all the line items for the PO you are adding freight for have been "matched".



2. Click the "Add more line item entry" button at the bottom left of the VIR page.

NOTE:

- 1. Avoid adding custom line entries, they may cause iss
- 2. If line entry is loaded from already saved VI, then MA
- 3. If line entry is added using 'Add more line item entry'



3. Put the product number for the freight product you have added to Fuse5. (If you haven't created a freight product you must do so prior to distributing on a VIR). By hitting enter after adding your freight product number you may have to choose from a drop down if you have multiple products with the same name. Ensure you are using line code FRT.

3. If line entry is added using 'Add more line item entry' button then MATC

DELETE	P	RODUCT			
	PARTIAL RECONCILIATION	LINE CODE	PRODUCT #	PO NUMBER	QT RCV
•		TRN	1002	P1-30179	
•		FRT	Freight Select Vendor		0
	5 11120		Total Quantity		
Adding	Freight ? 🕜 🛮 Add	more line	item entry		

4. Put in the PO number you are distributing freight for (Case Sensitive).

	P	RODUCT		FROM RECEIVING					
RI	PARTIAL ECONCILIATION	LINE CODE	PRODUCT #	PO NUMBER	QTY RCVD	RCVD COST?	CORE RCVD	C	
		TRN	1002	P1-30179	1	\$10.000	0	4	
		FRT	Freight Select Vendor	P1-30179	0	0.00	0	0.0	
			Total Quantity		1		0		

5. Enter a quantity of 1 in the Qty Received column.

		FROM REC	CEIVING		
PO NUMBER	QTY RCVD	RCVD COST?	CORE RCVD	CORE COST	TOTAL LINE
P1-30179	1	\$10.000	0	\$0.000	\$10.000
P1-30179	1	0.00	0	0.00	\$0.000
	2		0		

6. Enter the \$ amount in the RCVD Cost column.

		FROM REC	CEIVING			матсн
PO NUMBER	QTY RCVD	RCVD COST?	CORE RCVD	CORE COST	TOTAL LINE	?
P1-30179	1	\$10.000	0	\$0.000	\$10.000	V
P1-30179	1	2.990	0	0.00	\$2.990	
	2		0			

7. Check the "match" box. The PO # will auto fill and the \$ amount you entered should show in green above the "Distribute FRT Cost" check box. (NOTE: the match box will NOT stay checked. Once checked the freight cost will show up in the FRT cost field and not in the QTY SHIP or BILL COST fields)

	матсн				FROM IN	VOICE	
TOTAL LINE	▽	PO NUMBER	QTY SHIP	BILL COST (\$)	CORE SHIP	CORE COST (\$)	FRT COST
\$10.000	V	P1-30179	1	10.000	0	0.000	\$0.00 Distribute FRT Cost
\$2.990		P1-30179	0	0.000	0	0.000	\$2.990 Distribute FRT Cost
			1		0		

8. Check the box next to "Distribute FRT Cost". The \$ amount should disappear and be distributed among the products from that PO based on their "Bill Cost".

MATCH				FROM IN	VOICE			RE	CONCILIATION	ON
?	PO NUMBER	QTY SHIP	BILL COST (\$)	CORE SHIP	CORE COST (\$)	FRT COST	TOTAL LINE	PRODUCT VARIANCE	CORE VARIANCE	OTHER VARIANCE
V	P1-30179	1	10.000	0	0.000	\$2.990 Distribute FRT Cost	\$12.990	\$0.000	\$0.000	\$2.990
	P1-30179	0	0.000	0	0.000	\$0.00 Distribute FRT Cost	\$0.000	\$0.00	\$0.00	\$-2.990
		1		0						

At this point the freight charges are set to be distributed to average landed cost. Distributing Freight/Duty to the ALC of the parts is OPTIONAL and should be based on your businesses standard operating procedures. If you do NOT want to distribute the freight and duty, just follow all the steps described OTHER than clicking "Distribute FRT Cost".

The other issue to handle in this situation is that Exide Technologies is only charging us \$10 for the parts and the \$2.99 needs to be billed for the vendor EZR. Using the "Select Vendor" button you can choose the vendor and expense account you want the freight charges to go to.

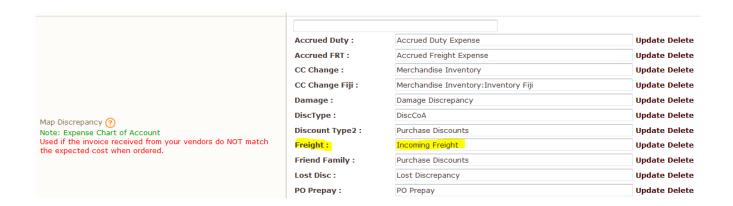
Click "Select Vendor":



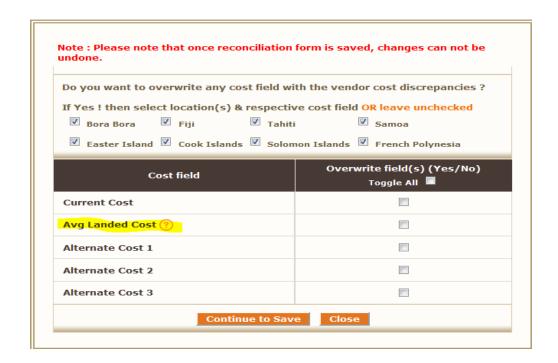
Select the vendor and the Expense Chart of Account.



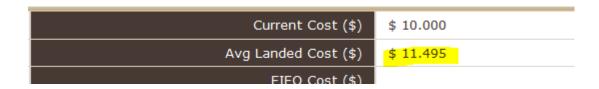
The **Expense Chart of Account** that you select should be previously set up by going to PERSONAL & ADMIN > SETTINGS > QUICKBOOKS SETTINGS > expand the VENDOR INVOICE section (or Expand All) > Map Discrepancy.



After selecting the vendor and the Chart of Account you are ready to save the VIR (assuming you have addressed any other cost variance, qty variance, discounts, and terms unrelated to the freight). After hitting save on the VIR you will get a pop up that allows you to update cost information. It is NOT necessary to choose Avg Landed Cost.....let me repeat....do NOT choose Avg Landed Cost if you want to update your ALC based on normal ALC calculations. Clicking the Avg Landed Cost button at this point will change your ALC to match the receiving cost on this VIR. This is NOT what most business want to do, but it is available.



Once you have saved the Vendor Invoice Reconciliation you can look in the part record to see the impact on your ALC (Average Landed Cost)



In order to review the impact on your accounting you can look to QuickBooks:

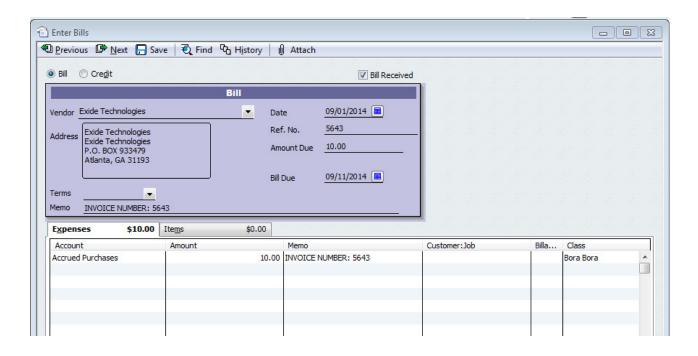
Accrued Purchases – decreased in the amount equal to the value of the parts that were originally on the PO. The freight was not included in accrued purchases, therefore doesn't make an entry here.

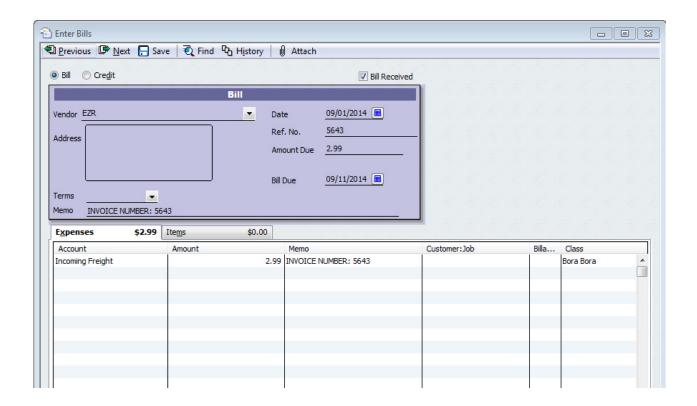
<u>G</u> o to	Print	Edit Transaction 📳 QuickReport					
Dete	Ref				1	D	Balance
Date	Type	Account	Memo Memo	Increase	4	Decrease	balance
08/13/2014	9323	Account	Memo	21,703.34			4,017,826.79
00/13/2014	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9323	21,703.34			4,017,020.75
08/14/2014	196400000	Merchandise inventory: inventory bora bora	RECEIFT NOMBER, 9323	160.00			4,017,986.79
00/17/2017	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 196400000	100.00			7,017,500.75
08/21/2014	9330	The change inventory inventory bord bord	TECES THOUSERS 250 100000	2.00			4,017,988.79
0,21,2011	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9330	2.00			1,017,50017
08/22/2014	9331	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		10.00			4,017,998.79
.,,	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9331				.,,,,
08/26/2014	9335	,		31.24			4,018,030.03
	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9335				
08/28/2014	9341	in in in		190.00			4,018,220.03
	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9341				
08/29/2014	9342			13,332.00			4,031,552.03
	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9342				
09/01/2014	5643	Exide Technologies				10.00	4,031,542.03
	BILL	Accounts Payable	INVOICE NUMBER: 5643			en de l'étable	
09/10/2014	9343			100.00			4,031,642.03
	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9343				
09/11/2014	9344			26.95			4,031,668.98
	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9344				, , , , , , , , , , , , , , , , , , ,
09/11/2014	9345			56.00			4,031,724.98
	GENJRNL	-split-	RECEIPT NUMBER: 9345				
09/11/2014	9346			7.42			4,031,732.40
	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9346				
9/11/2014	9347			1.00			4,031,733.40
	GENJRNL	Merchandise Inventory:Inventory Bora Bora	RECEIPT NUMBER: 9347				

Accounts Payable – Increased in the amount of \$10 to Excide Technologies and \$2.99 to EZR.

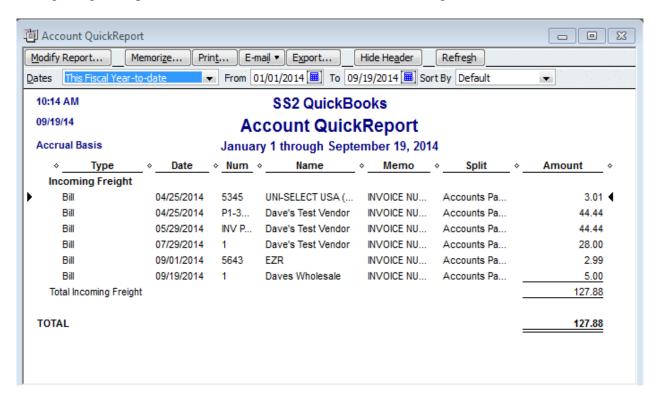
	Print	Edit Transaction	<u>Q</u> uickReport					
	15 15							15- 15- 15-
Date	Number		Vendor	Due Date	Billed	1	Paid	Balance
	Type	Account	Memo					
07/31/2014	-	Exide Technologies		08/10/2014	1.50			19,380.23
	BILL	-split-	INVOICE NUMBER: 333333333333333					
7/31/2014	rpo0731	UNI-SELECT USA (10)					273.57	19,106.66
	BILLCRED	-split-	PO# RGN-29918, Date: 2014-07-31,	le .				
8/01/2014	dssdsd	UNI-SELECT USA (10)					66.09	19,040.57
	BILLCRED	Accrued Purchases	INVOICE NUMBER: dssdsd					
08/01/2014	rpo0801	UNI-SELECT USA (10)					65.09	18,975.48
	BILLCRED	-split-	PO# RGN-29948, Date: 2014-08-01,					
08/01/2014	rpo0801	UNI-SELECT USA (10)					65.09	18,910.39
	BILLCRED	-split-	PO# RGN-29951, Date: 2014-08-01,					
08/01/2014	rpo0801	UNI-SELECT USA (10)					65.09	18,845.30
	BILLCRED	-split-	PO# RGN-29953, Date: 2014-08-01,	J.				
08/01/2014	rpo0801	Daves Wholesale					15.00	18,830.30
	BILLCRED	-split-	PO# RGN-29959, Date: 2014-08-01,					
08/01/2014	RGN-2994	UNI-SELECT USA (10)					65.09	18,765.21
	BILLCRED	Accrued Purchases	INVOICE NUMBER: RGN-29949					
08/01/2014	RGN-2995	UNI-SELECT USA (10)					65.09	18,700.12
	BILLCRED	Accrued Purchases	INVOICE NUMBER: RGN-29952					
8/01/2014	RGN-2995	UNI-SELECT USA (10)					65.09	18,635.03
	BILLCRED	-split-	INVOICE NUMBER: RGN-29955					
08/01/2014	INV RGN-2	Daves Wholesale					15.00	18,620.03
	BILLCRED	Accrued Purchases	INVOICE NUMBER: INV RGN-29960					
09/01/2014	5643	Exide Technologies	7	09/11/2014	10.00			18,630.03
	BILL	Accrued Purchases	INVOICE NUMBER: 5643			2 4		
09/01/2014	5643	EZR		09/11/2014	2.99			18,633.02
	BILL	Incoming Freight	INVOICE NUMBER: 5643					
9/19/2014	1	Dave's Test Vendor		10/01/2014	2.20			18,635.22
	BILL	Accrued Purchases	INVOICE NUMBER: 1	, , , , , , , , , , , , , , , , , , , ,				
9/19/2014	1	Daves Wholesale		09/29/2014	5,00			18,640.22
-,,	BILL	Incoming Freight	INVOICE NUMBER: 1	,,	5,55			22,210122
09/19/2014		Vendor	THOUGHTON DERTY	Due Date	Billed	D:	aid	
22/12/2017	- TOTTLOCT	Account	▼ Memo	Dac Date Lan	Carried States		ansar .	

If you go to PAY BILLS you will see a bill for both vendors.





Incoming Freight (Expense Account) – Increase of \$2.99 for the charge to EZR.



At this point you have done Vendor Invoice Reconciliation, distributed the freight to the Average Landed Cost of the parts, and pushed two separate bills to QuickBooks for two separate vendors.

The process for distributing "duty" is exactly the same. Fuse5 identifies duty very specifically as product # DUTY or Duty and line code FRT. This is absolutely critical to ensuring proper flow of "Duty".

If you add freight or duty to a VIR and do NOT select a vendor, it is assumed that you are paying the freight and duty to the same vendor for which you are paying for the parts. In this case the freight and duty will be included in ONE bill to the vendor and the expense for these will flow to QuickBooks in the account you have selected by going to PERSONAL & ADMIN > SETTINGS > QUICKBOOKS SETTINGS > expand the VENDOR INVOICE section (or Expand All) > Here you will find both "Freight" (Freight added to an invoice must have the line code FRT associated with it in order to be classified correctly as freight in QuickBooks. FRT added to a PO either when created or when doing the Vendor Invoice Reconciliation will NOT show up in Accrued Purchases, only as part of the Accounts Payable when VIR is complete.) and "Duty")Duty added to an invoice must have the line code FRT and a part number of DUTY associated with it in order to be classified correctly as duty in QuickBooks. Duty added to a PO either when created or when doing the Vendor Invoice Reconciliation will NOT show up in Accrued Purchases, only as part of the Accounts Payable when VIR is complete. The duty charges will be credited to Accounts Payable and debited to the expense account chosen with this setting.)

	Main Chart of Account: Freight Expense
Freight ? Note: Expense Chart of Account CoA used when Freight Charges are added when doing Vendor Invoice Reconciliation.	Sub Chart of Accounts:
	Enter each option on new line. ?
Duty (?) Note: Expense Chart of Account	Main Chart of Account: Duty Expense Sub Chart of Accounts:
CoA used when Duty Charges are added when doing Vendor Invoice Reconciliation.	Enter each option on new line. ?