



The Purchase Ledger is used to manage purchases from suppliers and payments to them. Whilst it is possible to use the purchase ledger to record invoices without using other parts of the system, this is not usual. Instead most of the invoices within purchase ledger will have arisen through Purchase Order Processing. This is especially true where goods are purchased for resale.

Whilst credit limits can be recorded against suppliers, the system does not rigorously police these, unlike credit limits for customers.

Trading Structure

Each Supplier Account may belong to a Statement Account, which is usually the same as the Supplier Account itself. These usually differ only in cases where a factoring company receives payment.

Whilst not commonly used, suppliers can have branches like customers can have delivery points.

Static Data in the Purchase Ledger

Suppliers are maintained within the Purchase Ledger. A supplier account ID may be recoded if desired, or the statement account of a supplier may be recoded, should this change (eg. change of factoring company)

The currency in which a supplier operates can also be changed, though the system must tightly restrict how this is done.

Purchase Ledger Postings

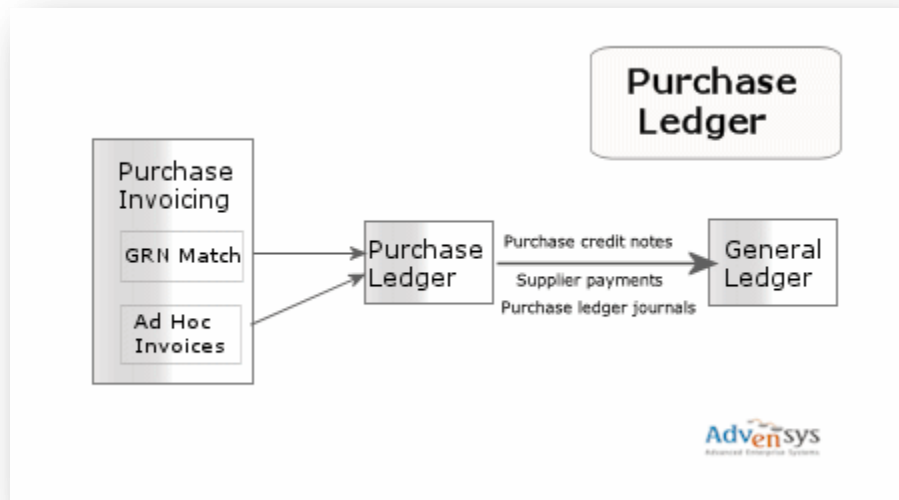
As explained above, most invoices posted to the purchase ledger will have arisen as a result of Purchase Order Processing, where goods are bought for stock. However, for purchases, where the expected value of the invoice will not be known in advance, for example telephone and utility bills, the system has "Ad hoc" invoice postings which will code directly to Nominal Codes. Moreover, a supplier may be defined as having a specific nominal code to which any ad hoc postings of that supplier should be defaulted.

For invoices arising from Purchase Order Processing, supplier invoices may be logged in the accounts department and then passed to the buying department for matching and approval. Alternatively, the whole process can be achieved within a single operation. As an aid to accuracy, "pre-lists" may be used if required, but their use is not compulsory. Invoices are matched to Goods Received, and a single invoice may span multiple receipts. Price discrepancies may give rise to

amendment of latest cost price of the item, or to a debit note being required. In the latter case, the invoice becomes disputed so that it cannot be paid until the credit note has been received, which relieves the debit note.

Credit Notes can be posted so that they reflect simple pricing discrepancies or are the result of goods being returned (there is a full Returns to Supplier system should this be required). Credit Notes, which fully relieve a debit note, will release the dispute code on the invoice so that it can be paid.

Payment of suppliers may be achieved by two main methods. In the first, cheques written are recorded against the supplier concerned. They may then be subsequently allocated to open transactions of the account. For larger “payment runs”, the system generates a proposed payment list, which may then be amended as required. Only one list can exist on the Purchase Ledger at any one time. When happy, the system may then post all the transactions to be paid off, recording the payments.



Occasionally it may also be necessary to post a Journal through the Purchase Ledger to directly affect account balances.

Disputing and Holding

Debit Notes have been described above. It is also possible to have the system automatically put every ad hoc invoice as a disputed invoice if required.

Purchase Ledger Reporting

The Purchase Ledger has various facilities, which report the data in the ledgers of individual supplier accounts. In terms of documents generated by the Purchase Ledger, any payment postings

may have remittance advices printed after the posting has been made. These may be transmitted electronically to suppliers either as faxes or as emails.

The list of reports in Purchase Ledger includes:

- Aged Creditors Report
- Unapproved Purchase Invoices Report
- Disputed Purchase Invoices Report
- Outstanding Goods Received Note Report
- Supplier Turnover Report
- Purchase Ledger Transactions Report
- Purchase Analysis Report
- Freight/Duty Recovery Report
- Create Auto Payments Report
- Post Auto Payments Report