Post Inventory to GL - Accrue Estimated Payables for Purchase Receipt

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Costing Method	Transactional or Summarized	Accrue Estimated Payable	Company Owned Calculation
Estimated Average Cost	T	Y	Not reduced by PRs
Estimated Average Cost	S	Y	Not reduced by PRs
Estimated Average Cost	T	N	Reduced by PRs
Estimated Average Cost	S	N	Reduced by PRs

Standard Company Owned Value Calculation

When running the Post Inventory to G/L function for departments using a cost option other than Estimated Average Cost, the company-owned inventory value is calculated as:

*(On Hand Quantity + Loaded Blend Quantity + Loaded Delivery Quantity – Unprocessed Purchase Receipt Quantity) / (Billing Divisor * Cost chosen at 'cost to use')*

This standard calculation is used when:

1. Not posting accrued payables and not posting unprocessed Purchase Receipts
2. Not posting accrued payables and posting unprocessed Purchase Receipts.

   Note: Unprocessed Purchase Receipts may be valued at a different cost than the chosen cost depending on the department the product is located in. For more information on this topic, read Unprocessed Purchase Receipt Valuation Report.

Company-Owned Value Calculation When Set to Accrue Estimated Payables for Purchase Receipts and Transactional Posting

When running the Post Inventory to G/L function while utilizing the option to *Accrue Estimated Payables for*

Purchase Receipts located at *Accounting / Setup / Preferences*, Inventory Departments set to *Estimated Average* will not include (decrease) the value of unprocessed Purchase Receipts in the company-owned calculation. This is because the *Accrue Estimated Payables* journal entry posts the value into the inventory asset account when the Purchase Receipt is saved. The company-owned inventory value is calculated as follows:

(On Hand Quantity + Loaded Blend Quantity + Loaded Delivery Quantity) / Billing Divisor * Cost chosen at 'cost to use')

The Company Owned Inventory Statement report also reflects this calculated value for Inventory Departments utilizing Estimated Average Cost.

Transactional Posting

The setting to *Accrue Estimated Payables for Purchase Receipts* is located at *Accounting / Setup / Preferences* on the *General* tab.
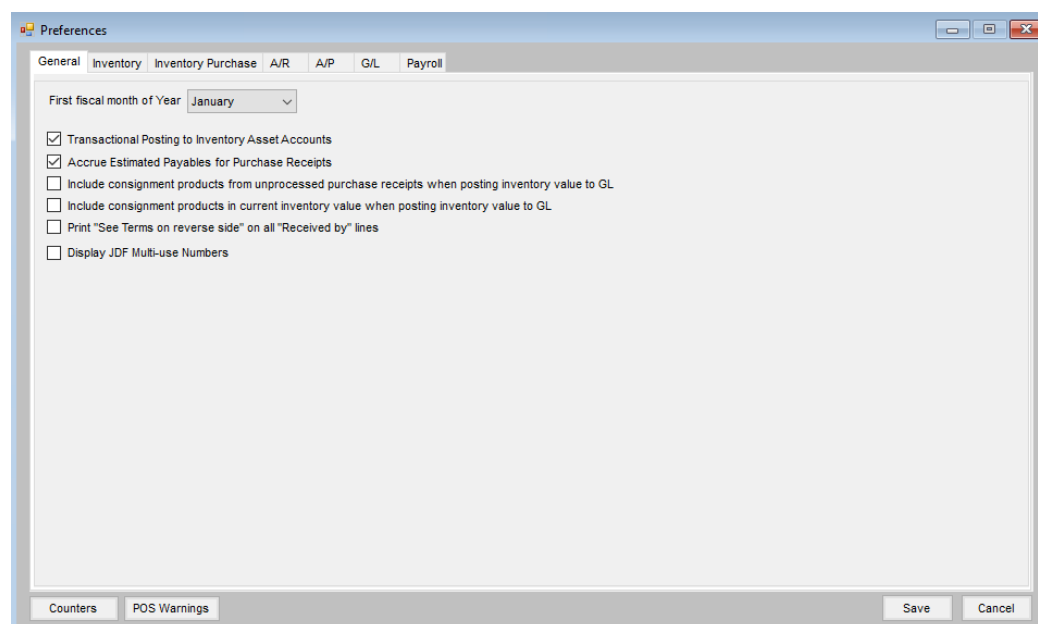
With this option selected, the system creates the Accrued Estimated Payable when the Purchase Receipt is saved. When the Accrued Estimated Payable is posted with the Purchase Receipt, the Inventory Department Asset G/L account (Debit) and the Accrued Estimated Payable G/L account (Credit) are updated at that time.

When the Purchase Invoice is posted, two entries are recorded. The first entry records the normal Inventory Department Asset G/L account (Debit) and the Account Payable (Credit). The second entry reverses the accrual to the Accrued Estimated Payable G/L account (Debit) and the Inventory Department Asset G/L account (Credit.) Therefore, the Post Inventory to G/L function does not need to reconsider the unprocessed Purchase Receipts in the company-owned calculation.

Examples of Transactional Posting to G/L

The following examples assume:

- The Inventory Department's *Compute Invoice Cost* is set to *Estimated Average.*

- At *Accounting / Setup / Preferences*, the option of *Accrue Estimated Payables for Purchase Receipts* is selected on the *General* tab.

Inventory Department Settings

Resulting General Journal Entries from the Purchase Receipt and Purchase Invoice

General Journal Listing
Fiscal Month 4 to 4

JE#	Date	Fiscal Month	Type	User	Description	Reference	Account	Debit	Credit
15,614	03/25/2024	4	J			PR-032524-1	1650000-00	625.00	0.00
		4					2010000-00	0.00	625.00
				1RE	Accrue Estimate BooGas 032524-1 03/25/2024				
15,615	03/25/2024	4	J			PR-032524-2	1650000-00	1,125.00	0.00
		4					2010000-00	0.00	1,125.00
				1RE	Accrue Estimate BooGas 032524-2 03/25/2024				
15,616	03/25/2024	4	P		BooGas Boomer Gas Company	Pur-032524-1	1650000-00	625.00	0.00
		4					2000000-00	0.00	625.00
				1RE	Purchase Invoice Purch/EstAvM/EstAvgPrdM/250.00				
15,617	03/25/2024	4	J			Rev Estimate	2010000-00	625.00	0.00
		4					1650000-00	0.00	625.00
				1RE	032524-1				

Company Owned Inventory Statement

Company Owned Inventory Statement
Sorted by Name
Using Dept Level Cost

Estimated Average Cost Dept - 00MAIN

ID	Product Name	Inv. Units Amount on Hand	Unprocessed Delivery Tickets	Loaded Blends	Unprocessed Purchases	Billing Units Company Owned	Estimated Average Cost	Total Cost
EstAvgProd	Estimated Average Product	750.000 Each	0.000	0.000	500.000	750.000 Each	2.333	1,749.75
			Total Company Owned For Department Estimated Average Cost Dept - 00MAIN					1,749.75
						Grand Total Value of Inventory		1,749.75

Post Inventory to G/L Calculation

Resulting General Journal Entries from Post Inventory to G/L

The following examples assume:

- The Inventory Department's *Compute Invoice Cost* is set to *Estimated Average.*
- At *Accounting / Setup / Preferences*, the option of *Accrue Estimated Payables for Purchase Receipts* is NOT selected on the *General* tab.

Resulting General Journal Entries from Purchase Receipt and Purchase Invoice

Note: A journal entry is not made for the Purchase Receipt in this scenario.

General Journal Listing
Fiscal Month 4 to 4

JE#	Date	Fiscal Month	Type	User	Description		Reference	Account	Debit	Credit
15,620	03/25/2024	4	P		BooGas	Boomer Gas Company	Pur-032524-1	1650000-00	625.00	0.00
		4						2000000-00	0.00	625.00
				1RE	Purchase Invoice					
					Purch/EstAvM/EstAvgPrdM250.00					

Company Owned Inventory Statement

Company Owned Inventory Statement
Sorted by Name
Using Dept Level Cost

Estimated Average Cost Dept - 00MAIN

ID	Product Name	Inv. Units Amount on Hand	Unprocessed Delivery Tickets	Loaded Blends	Unprocessed Purchases	Billing Units Company Owned	Estimated Average Cost	Total Cost
EstAvgProd	Estimated Average Product	750.000 Each	0.000	0.000	500.000	250.000 Each	2.333	583.25
			Total Company Owned For Department Estimated Average Cost Dept - 00MAIN					583.25
						Grand Total Value of Inventory		583.25

Post Inventory to G/L Calculation

Resulting General Journal Entry from Post Inventory to G/L

Summarized Posting to G/L

The setting to *Accrue Estimated Payables for Purchase Receipts* is located at *Accounting / Setup / Preferences* on the *General* tab.

With this option selected, the system creates the Accrued Estimated Payable when the Purchase Receipt is saved. When the Accrued Estimated Payable is posted with the Purchase Receipt, the Inventory Department Asset G/L

account (Debit) and the Accrued Estimated Payable G/L account (Credit) are updated.

When the Purchase Invoice is posted, two entries are recorded. The first entry records the Inventory Department Purchases G/L account (Debit) and the Accounts Payable G/L account (Credit.) The second entry reverses the accrual to the Accrued Estimated Payable (Debit) and the Inventory Department Asset G/L account. Therefore, the Post Inventory to G/L function does not need to reconsider the unprocessed Purchase Receipts in the company-owned calculation.

The company owned inventory value is calculated as follows:

*(On Hand Quantity + Loaded Blend Quantity + Loaded Delivery Quantity) / (Billing Divisor * Cost chosen at 'cost to use')*

The Company Owned Inventory Statement report also reflects this calculated value for Inventory Departments utilizing Estimated Average Cost.

Examples of Summarized Posting to G/L

The following examples assume:

- The Inventory Department's *Compute Invoice Cost* is set to *Estimated Average.*
- At *Accounting / Setup / Preferences*, the option of *Accrue Estimated Payables for Purchase Receipts* is selected on the *General* tab.

Inventory Department set to Estimated Average Cost

Resulting General Journal Entries from the Purchase Receipt and Purchase Invoice

General Journal Listing
Fiscal Month 4 to 4

JE#	Date	Fiscal Month	Type	User	Description	Reference	Account	Debit	Credit
15,614	03/25/2024	4	J			PR-032524-1	1650000-00	1,125.00	0.00
		4					2010000-00	0.00	1,125.00
				1RE	Accrue Estimate BooGas 032524-1 03/25/2024				
15,615	03/25/2024	4	J			PR-032524-2	1650000-00	1,125.00	0.00
		4					2010000-00	0.00	1,125.00
				1RE	Accrue Estimate BooGas 032524-2 03/25/2024				
15,616	03/25/2024	4	P		BooGas Boomer Gas Company	Pur-032524-1	5650000-00	1,125.00	0.00
		4					2000000-00	0.00	1,125.00
				1RE	Purchase Invoice Purch/EstAvM/EstAvgPrdM/500.00				
15,617	03/25/2024	4	J			Rev Estimate	2010000-00	1,125.00	0.00
		4					1650000-00	0.00	1,125.00
				1RE	032524-1				

Company Owned Inventory Statement

Company Owned Inventory Statement
Sorted by Name
Using Dept Level Cost

Estimated Average Cost Dept - 00MAIN

ID	Product Name	Inv. Units Amount on Hand	Unprocessed Delivery Tickets	Loaded Blends	Unprocessed Purchases	Billing Units Company Owned	Estimated Average Cost	Total Cost
EstAvgProd	Estimated Average Product	1,000.000 Each	0.000	0.000	500.000	1,000.000 Each	2.375	2,375.00

Total Company Owned For Department Estimated Average Cost Dept - 00MAIN — 2,375.00

Grand Total Value of Inventory — 2,375.00

Post Inventory to G/L Calculation

Resulting General Journal Entry from Post Inventory to G/L

The following examples assume:

- The Inventory Department's *Compute Invoice Cost* set to *Estimated Average.*
- At *Accounting / Setup / Preferences*, the option of *Accrue Estimated Payables for Purchase Receipts* is NOT selected on the *General* tab.

Resulting General Journal Entries from Purchase Receipt and Purchase Invoice

Note: A journal entry is not made for the Purchase Receipt in this scenario.

General Journal Listing
Fiscal Month 4 to 4

JE#	Date	Fiscal Month	Type	User	Description	Reference	Account	Debit	Credit
15,620	03/25/2024	4	P	BooGas	Boomer Gas Company	Pur-032524-1	5650000-00	625.00	0.00
		4					2000000-00	0.00	625.00
				1RE	Purchase Invoice				
					Purch/EstAvM/EstAvgPrdM250.00				

Company Owned Inventory Statement

Company Owned Inventory Statement
Sorted by Name
Using Dept Level Cost

Estimated Average Cost Dept - 00MAIN

ID	Product Name	Inv. Units Amount on Hand	Unprocessed Delivery Tickets	Loaded Blends	Unprocessed Purchases	Billing Units Company Owned	Estimated Average Cost	Total Cost
EstAvgProd	Estimated Average Product	750.000 Each	0.000	0.000	500.000	250.000 Each	2.333	583.25
			Total Company Owned For Department Estimated Average Cost Dept - 00MAIN					583.25
			Grand Total Value of Inventory					583.25

Post Inventory to G/L Calculation

Resulting General Journal Entry from Post Inventory to G/L

Note:

- For Average Cost Departments, the option of *Accrue Estimated Payables for Purchase Receipts* at *Accounting / Setup / Preferences* has no impact.
- For Average Cost Departments, when using the Post Inventory to G/L function and selecting to *Post Unprocessed Purchase Rec's*, the accrual will be posted as well.

Note: Estimated Average Cost departments will post the unprocessed Purchase Receipts if they do not have the *Accrue Estimated Payables for Purchase Receipts* option enabled.

In summary, the Accounting preference to *Accrue Estimated Payables for Purchase Receipts* is ONLY for Estimated

Average Cost departments. The Post Inventory to G/L function to *Post Unprocessed Purchase Rec's* is for ALL inventoried departments but does skip the Estimated Average Cost departments if the Accounting preference to *Accrue Estimated Payables for Purchase Receipts* is also in use.