

Separating Inventory Departments for Commodities Used in Manufactured Formulas

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A Customer may manufacture Product(s) using a Product tied to a Commodity. It is important that the Commodity Product be set up with the same unit of measure as the Product being manufactured for GL posting purposes. The GL Posting Unit is determined at *Accounting / Setup / Inventory Departments*. If the *GL Posting Unit* is set to *Inventory Units*, then each Product tied to Grain must have the same Inventory Units as the Commodity. The following examples are some situations that might arise when manufacturing a Product tied to a Commodity.

Example 1

Horse Feed is a manufactured Product which contains eight raw products, one of them being Corn Rolled Coarse. The Corn Rolled Coarse Product is made of Shelled Corn, which is tied back to the Corn Commodity in Grain. Horse Feed is set up in the Horse Feed Department, which has a Sales Account of 4010 and a Purchase Account of 5010. The Corn Rolled Coarse and Shelled Corn Products are set up in the Corn Department, which has a Sales Account of 4060 and a Purchase Account of 5060 (these two accounts are the same as what is set up on the Grain Ledger Account for Corn in Grain).

Here is an example of how it affects the G/L:

	Purchase-Corn (5060)		Sales-Corn (4060)	
Make Horse Feed	15			
Make Corn Rolled Coarse	15			
Make Corn Rolled Coarse (Corn)*	15			

	Purchase-Horse Feed (5010)		Sales-Horse Feed (4010)	
Make Horse Feed	500		Invoice Horse Feed	500

In this example, the Sales Account for Corn will never be affected because the Corn Product(s) are not the Product being invoiced. The Horse Feed Sales Account will be the account affected when an Invoice is created. The Purchase-Corn account will have a balance of -15 after all transactions are complete.

Example 2

Horse Feed is a manufactured Product which contains eight raw products, one of them being Oats. The Oats Product is tied to the Oats Commodity in Grain. Horse Feed is set up in the Horse Feed Department, which has a Sales Account of 4010 and a Purchase Account of 5010. The Oats Product is set up in the Oats Department, which has a Sales Account of 4050 and a Purchase Account of 5050 (these two accounts are the same as what is set up on the Grain Ledger Account for Oats in Grain).

Here is an example of how it affects the G/L:

	Purchase-Oats (5050)		Sales-Oats (4050)	
Make Horse Feed (Oats)*		10		

	Purchase-Horse Feed (5010)		Sales-Horse Feed (4010)	
Make Horse Feed	500		Invoice Horse Feed	500

In this example, the Sales Account for Oats will never be affected because the Oats Product is not being invoiced directly. The Horse Feed Sales Account will be the account affected when an Invoice is created. The Purchase-Oats account will have been affected by -10.

Example 3

Cash Register Corn is a manufactured Product made of Corn (which is tied to the Corn Commodity in Grain). The Cash Register Corn Product and the Corn Product are in the Corn Department, which has a Sales Account of 4060 and a Purchase Account of 5060 (these two accounts are the same as what is set up on the Grain Ledger Account for Corn).

Here is an example of how it affects the G/L:

	Purchase-Corn (5060)		Sales-Corn (4040)	
Make Cash Register Corn		10	Invoice Cash Register Corn	10
Make Cash Register Corn (Corn)*	10			

In this example, the Purchase Sales Account for Corn is affected when the Invoice is created. The Sales Account will be affected by 10.

* This is when the DPR is affected.