

Handling Vendor Deposits

Last Modified on 10/23/2023 5:16 pm EDT

This guide explains how to process a deposit payment from a vendor. It is intended for advanced users.

To handle vendor deposits, you will initially create a purchase for the value of the deposit using the Deposit line item code; later, you will reverse that value with an expense-recognition purchase.

About Deposit Purchases

Before you can [create a deposit purchase](#), your system administrator must [configure the Deposit line item code](#) (<https://aace6.knowledgeowl.com/help/configuring-the-deposit-line-item-code>).

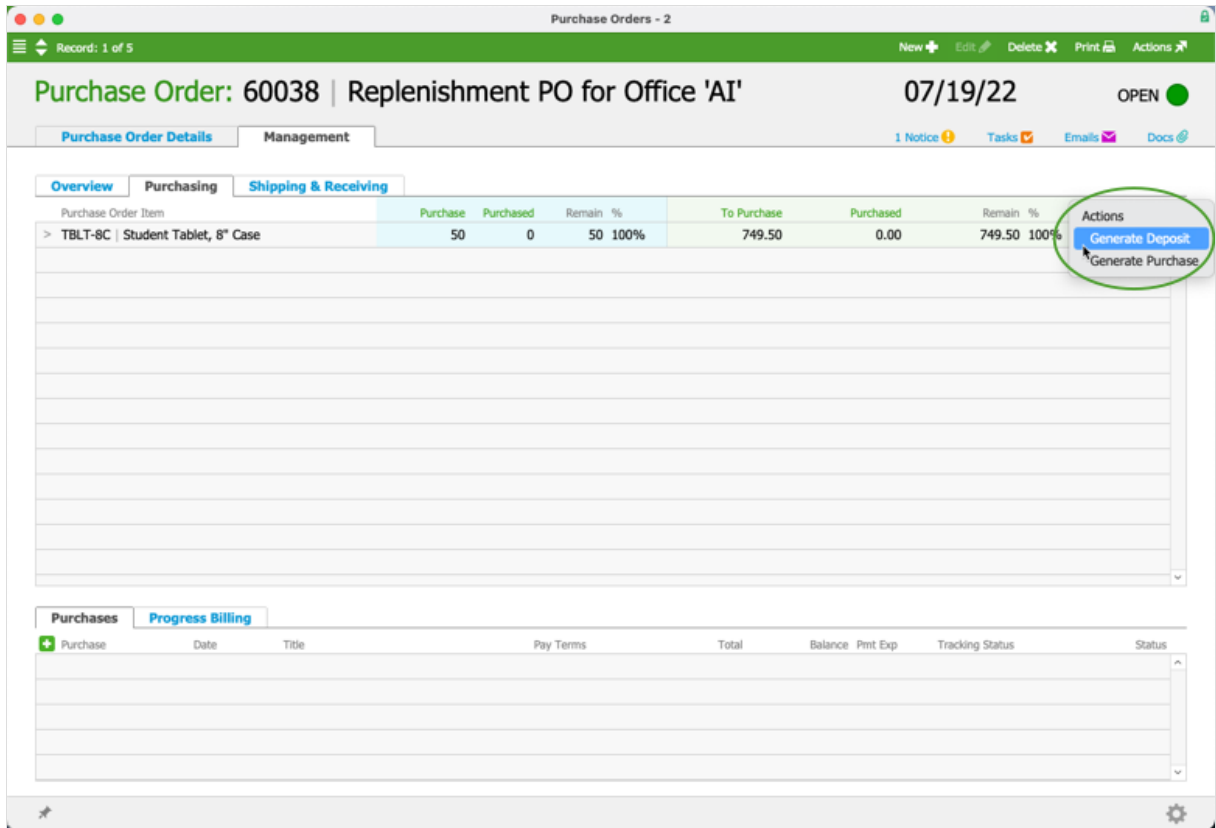
Deposit purchases are different from regular purchases in a few important ways. One distinction is that they do *not* register on a purchase order's list of related purchases (Detail view > Management tab > Overview tab). In other words, even if you have generated multiple deposit purchases, the Overview tab will only consider expense-recognition purchases.

Another difference is that deposit purchases contain only a single Deposit item corresponding to the amount you are paying the vendor:

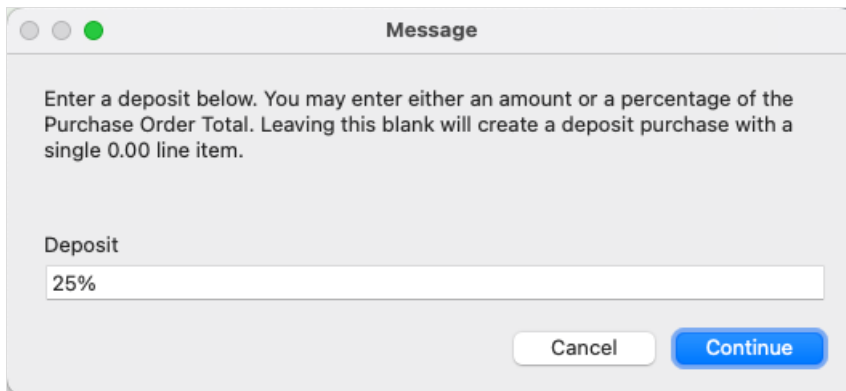
When the deposit purchase is opened, aACE credits the A/P account and debits the deposit account that is specified in the Deposit LIC:

Generating a Deposit Purchase From a PO

1. At an open PO's detail view, click **Management > Purchasing > Actions** () > **Generate Deposit**.



2. In the dialog box, enter the percentage of the deposit, then click **Continue**.



aACE generates a purchase record that includes your Deposit LIC and the specified percentage. (Note: You can also leave this field blank.)

3. Complete and [process the purchase](https://aace6.knowledgeowl.com/help/working-with-purchases) and [disbursement](https://aace6.knowledgeowl.com/help/paying-a-vendor#DisbursementWorkflow) with your standard workflow.

Alternate Method for Generating a Deposit Purchase

For some users, it may also be effective to record a deposit at the Enter Payment dialog. Click the Add (+) icon next to Payment Due. Then enter the payment amount / percent and the payment method, and mark the Payment is a Deposit flag:

When you click Apply Payment, aACE automatically generates a deposit purchase for the payment amount you have specified.

Complete and process the purchase and disbursement with your standard workflow.

Generate an Expense-Recognition Purchase

Once you've received a shipment for the items in the PO, you can reverse the deposit by creating an expense-recognition purchase:

1. At the PO's detail view, click **Management > Purchasing > Actions > Generate Purchase**.

aACE will generate a Purchase with a line item to recognize each source of expense from the purchase order, plus a line item to reverse the earlier deposit(s):

Purchases

Record: 1 of 1

New Edit Delete Print Actions

Purchase: 60016 **McGullicuddy McGuire-Hall** **07/18/22** **PENDING**

Notices Tasks Emails Docs

Vendor

Vendor > Contact >
 McGullicuddy McGuire-Hall Simon Bradford

Recur Transaction > Vendor Inv # Inv Date
 1484724 07/18/22

Pur Order > Payment Terms Payment Due Pmnt Expected
 60008 Net 30 08/17/22 08/17/22

Description

Additional Info

Payment Comments

Purchase Items

Code	GL Acct	Description	Purchase Order	Job	Dept	Qty	Unit Cost	Total	+ Freight
1 > TB-LIT102	1307	The Complete Works of	> 60008		AI-Dev	50	79.99	3,999.50	0.00
2 > TB-SCI4	1307	Astronomy for Beginners, 4th	> 60008		AI-Dev	50	149.99	7,499.50	0.00
3 > DEPOSIT	1810	Deposit	> 60008		AI-Dev	1	-10,000.00	-10,000.00	0.00

Subtotal 1,499.00 0.00
 Freight 0.00
 Shipping Exp 0.00
 Tax 0% 0.00
Total 1,499.00
 Use Tax 0.00

Dept: AI-Dev Assign To: DJ Tracking Status:

Cancel Save

2. Click **Save and Open**.

When the expense-recognition purchase is opened, the deposit is reversed, as seen in the GL:

Account	Transaction ID	Date	Office	Dept	Code	Order	PO	Debit	Credit	Debit Balance	Status
1307 Textbook Inventory											
> 1307	> PUR-60016	07/18/22	AI	AI-Dev	> TB-LIT102	> 60008		3,999.50		3,999.50	OPEN
> 1307	> PUR-60016	07/18/22	AI	AI-Dev	> TB-SCI4	> 60008		7,499.50		7,499.50	OPEN
1307 Textbook Inventory								11,499.00		11,499.00	
1810 Vendor Deposits											
> 1810	> PUR-60016	07/18/22	AI	AI-Dev	> DEPOSIT	> 60008			10,000.00	10,000.00 CR	OPEN
1810 Vendor Deposits									10,000.00	10,000.00 CR	
2101 Accounts Payable											
> 2101	> PUR-60016	07/18/22	AI	AI-Dev		> 60008		1,499.00		1,499.00 CR	OPEN
2101 Accounts Payable									1,499.00	1,499.00 CR	
List Totals								11,499.00	11,499.00	0.00	

3. Complete and process the purchase and disbursement according to your standard workflow.

Deposit Balance for Closing a PO

A deposit is an asset representing unfulfilled vendor obligations. For this reason, the deposit balance *must* be at \$0.00 before you can close the purchase order. If the deposit balance is greater than zero, aACE will keep the PO in Open status, even if the shipping and purchasing are complete.

You can review the outstanding deposit balance at the Overview tab:

Purchase Order: 60003 | McGullicuddy McGuire-Hall 07/18/22 OPEN

Overview | Purchasing | Shipping & Receiving

	Code	Description	Quantity	Received	Purchased	Ordered	Purchased	Remain
1	> TB-LIT102	The Complete Works of	80	0/80	0/80	6,399.20	0.00	6,399.20
2	> TB-SCI4	Astronomy for Beginners, 4th	95	0/95	0/95	14,249.05	0.00	14,249.05

Subtotal	20,648.25	0.00	20,648.25
Shipping/Freight	0.00	0.00	0.00
Tax	0.00	0.00	0.00
Total	20,648.25	0.00	20,648.25
Purchase Order Balance			20,648.25
A/P Balance			1,032.41
Payment Due			20,648.25
> Deposit Balance			1,032.41