

Purchase Return

Goods purchased are returned for various reasons, mostly for quality fail/ defective piece.

Return can of three types:

- Exchange/Replace [Usually no monetary transactions are involved, Vendors replaces the faulty piece] ¹⁾
- Return [When vendor fails to replace the faulty piece, monetary settlements are made and goods returned to the Supplier]
- Discount [Procuring party keeps the goods but comes to a mutual monetary settlements with the Supplier as compensation]

Actions Involved in Purchase Return are:

- Create
- Approve
- Issue Debit Note [Post to GL]

APPROVE (Purchase Return)

When Purchase return is approved, the TRADE CREDITORS - control A/C's sub account's (Supplier) credit available will be added the returned amount.

POST (Purchase Return)

When Purchase Return is posted to GL, the following accounting entries should be created.

GL Interface Type/[Account]	Account Usage	Sub-account	Currency	Dr	Cr	Notes
Inventory/Accruals	Ledger	Base	Standard Cost			
TRADE CREDITORS/Accounts Payable	AP	Supplier	Prime	(Purchase Price-Discount) + Tax		
Accrued Purchases-Agents	Ledger	Prime	(PurchasePrice-Discount)*Commission%/100			
Accrued Purchases-Sundries	Ledger	Base	AdditionalCost			
Purchase Commission	Ledger	Prime	(Purchase Price-Discount)*Commission%/100			
Purchase Discount	Ledger	Prime	Discount			
GST-Input TAX	Tax	Prime	(PurchasePrice-Discount)*TaxRate/100			Incase of Import Taxes/Duties Payable Contra Should be Used
Purchase Variance	Ledger	Base	(Purchase Price*Exchange Rate)+Additional Cost-Standard Cost			

POST (Discount)

When Purchase Return is posted to GL, the following accounting entries should be created.

GL Interface Type/[Account]	Account Usage	Sub-account	Currency	Dr	Cr	Notes
TRADE CREDITORS/Accounts Payable	AP	Supplier	Prime			(Purchase Price-Discount) + Tax
Purchase Discount	Ledger		Base			Discount

¹⁾

Only Stock position in IM and Inventory/Accruals in accounts should be taken in consideration in my opinion

From:

<http://wiki.dreamapps.com/wiki/> - DreamApps Wiki

Permanent link:

<http://wiki.dreamapps.com/wiki/doku.php?id=usage:poreturn&rev=1427325802>

Last update: **2015/03/25 23:23**

