

Prepaying Inventory

Last Modified on 10/22/2020 10:50 am EDT

Today many companies purchase inventory with credit cards or pre-pay inventory with a check or bank transfer. In QuickBooks this is generally done by posting the a credit card charge, expense or check transaction. In the transaction, you select a Vendor and the items you are buying which will debit inventory and credit the credit card liability or bank account. Now in Order Time when you receive a purchase order it will create a bill in QuickBooks. Again in this transactions, a Vendor and the items you are buying are indicated. When recorded, this transaction will debit inventory and credit the accounts payable liability account. You can see that the Items have been recorded twice. The solution to this dilemma is straight forward; In the credit card or check transaction, instead of selecting the *Items*, select *Accounts* and enter Accounts Payable along with the name of the vendor. Now the credit card/check transaction you entered will offset the bill from Order Time resulting in zero being owed to the vendor.

QuickBooks Desktop

The screenshot shows the QuickBooks Desktop interface for creating a check. The bank account is Wells Fargo with an ending balance of USD -70,633.00. The check is dated 10/22/2020 and is payable to Alternative Reagent Source LLC for 500.00 USD. The address is 15911 Sedgewick Cir N, Fort Lauderdale, FL, USA. The memo field is empty. Below the check form, the 'Expenses' section shows a table with one entry: Accounts Payable for 500.00 USD, with the customer job set to Alternative Reagent Sourc...

ACCOUNT	AMOUNT (USD)	MEMO	CUSTOMER/JOB	BILL
Accounts Payable	500.00		Alternative Reagent Sourc...	

QuickBooks Online

The screenshot shows the QuickBooks Online interface for creating a check. The check is dated 10/22/2020 and is payable to Alabacus Benefit Consultants, Inc. for 500.00 USD. The address is 111 State St, NYC, NY 10013. The memo field is empty. Below the check form, the 'Category details' section shows a table with one entry: Accounts Payable (A/P) for 500.00 USD, with the description 'What did you pay for?'. The total amount is 500.00 USD.

#	CATEGORY	DESCRIPTION	AMOUNT (USD)	BILLABLE	TAX	CUSTOMER / PROJECT	CLASS
1	Accounts Payable (A/P)	What did you pay for?	500.00				

Total 500.00

