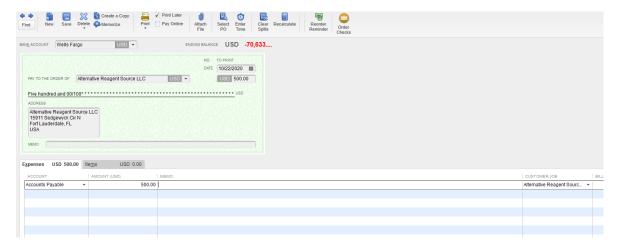
Prepaying Inventory

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



QuickBooks Online

