Purchasing
User Guide Addendum

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Fourth Generation Software Solutions Corp.

FOURTH GENERATION
Modifiable Financial & Distribution Software

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About this Fourth Generation Documentation Addendum:

This Fourth Generation Documentation Addendum is provided to bring the associated 'base' document up to date with the very latest changes and additions to the software product. The 'base' document is listed on the title page of this addendum.

Addendum Date:

All software patches and supplements that have an impact on the base document are also covered by this addendum. Software patches and supplements are posted on the Fourth Generation web site in the customer area and on the Fourth Generation ftp site (see web/ftp access below). Patches and feature supplements are listed by the date posted. All patches and supplements posted by the Addendum Date are covered by this addendum. Each time a new patch or supplemental feature is released, this addendum will be updated if a documentation change is required. At that time, the Addendum date will be updated to the latest patch or supplement date.

Information not covered by this addendum:

This addendum covers only the subject area of the base document. For additional information and technical details on the new features or patches, please consult the product release notes and patch/supplements indexes found in the customer area of the Fourth Generation Web site or FTP site. (see web/ftp access below)

Web/FTP Access:

All new features and patches are maintained on the Fourth Generation web site, in the customer area: www.fourthgeneration.com and also on the Fourth Generation FTP site: ftp.fourthgeneration.com. Updated versions of this Addendum will be posted there as well. Most of the files and information in these areas is restricted to customers with current software maintenance contracts. To receive a current password to access these areas, please contact the Fourth Generation help desk: 770-432-7623, 1-800-374-6157, support@fourthgeneration.com

Feature Listing

| Feature Number	Description
1245	**Landed Cost**
1250	**New Navigation Events**
1300	**Assignment of Shipping Units and Weight**
1306	**Ability to Change REG Purchase Orders to DIR Purchase Orders**
1308	**Creating Multiple Purchase Orders**
1362	Expansion of purchase order number and new contact name
1378	New DRW Order Type
1540	Quick PO Receipt by Vendor

Feature 1245   Landed Cost

This feature gives you the ability to receive merchandise at landed cost which will be the sum of the item's cost, freight charges, broker fees, and any other costs associated with the merchandise. This will ensure that the profitability of the item is accurately reflected to include its total landed cost when sold.

Setup:

The first step in using the landed cost feature is to set up your cost categories. This program is found on the Setup Purchasing menu:
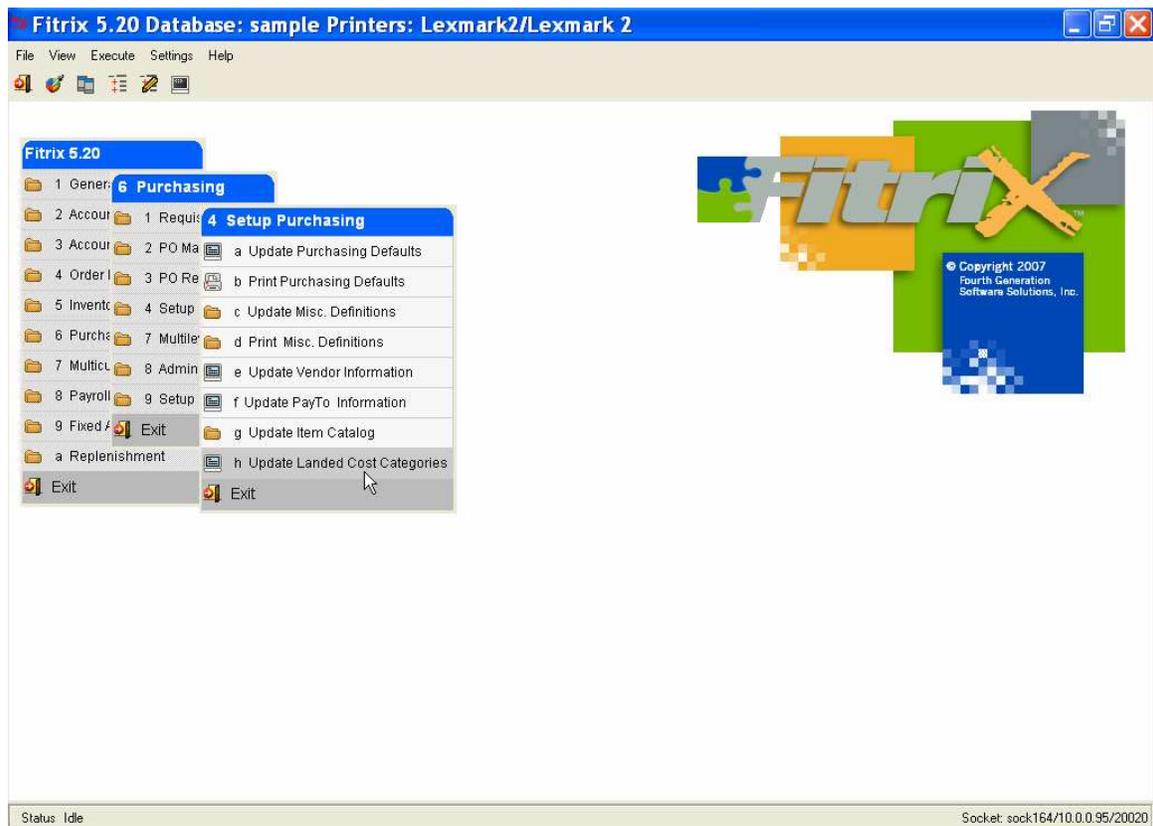
These cost categories are then used to enter estimated costs when the vendor purchase order is entered.

Category – this is a 30 character field where the name of the cost category is entered.

Variance Account – this field is used to enter the GL account number that any variances between estimated and actual costs will post to. See the discussion below on the Post Landed Cost Variances program.

Allocation Method – enter the value here to determine how additional merchandise costs such as freight should be allocated to the product when you receive the purchase order so that the item's cost is a true landed cost. Valid values are:

W- cost will be allocated based on the item's weight. If this method is used it is imperative that you have assigned a weight to the item when it was set up using the Update Inventory Information program. If a purchase order can have items on it with different units of measure (LB vs OZ) then this method should not be used as there is no mechanism in place to calculate a common UOM to be used for all items when apportioning the cost.

V – cost will be allocated based on the item's volume. If this method is used it is imperative that you have assigned a volume to the item when it was set up using the Update Inventory Information program.

C – cost will be allocated based on the item's cost as it relates to the receipt as a whole.

Q – cost will be allocated based on the item's quantity as it relates to the receipt as a whole.

M – cost will be manually allocated by the user.

Processing Purchase Orders:

There is a new icon on the Update Purchase Order toolbar that is accessible from the header portion of the screen labeled Landed Cost.
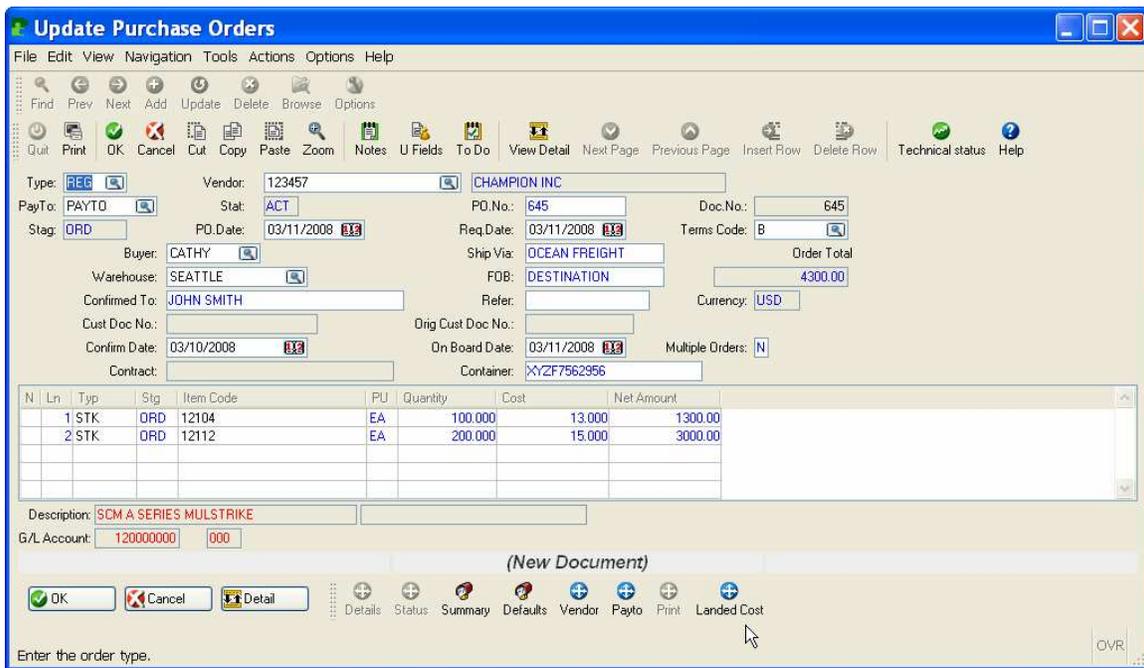
When you click on this icon the following screen displays and you can then enter your cost categories and the estimated dollar amount associated with each one.
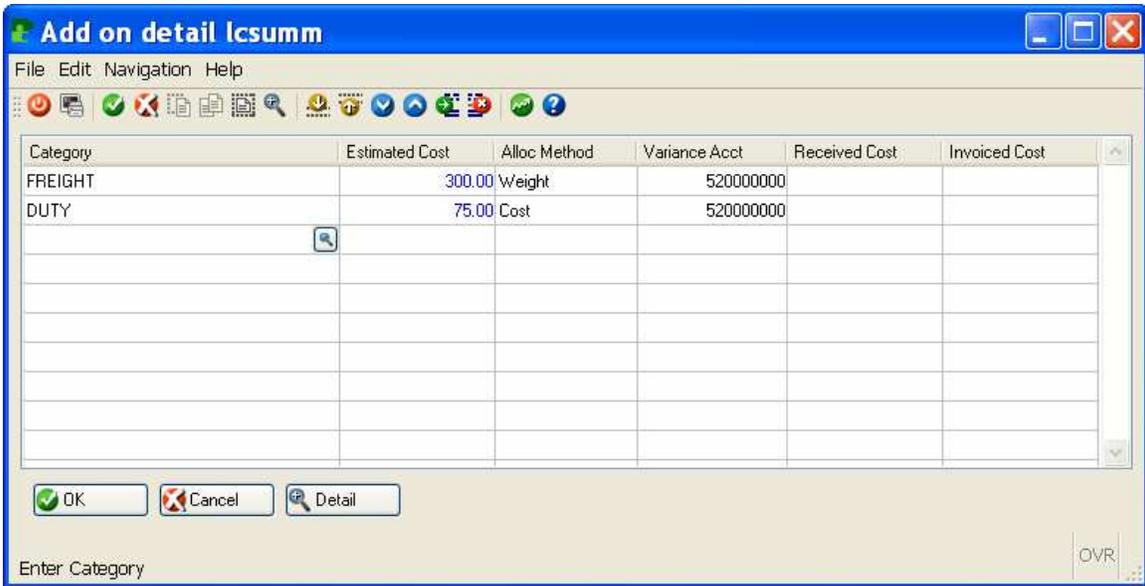
The Received Cost and Invoiced Cost fields are no entry fields. The costs that populate these fields will be calculated and possibly modified if initial estimates were not accurate when the purchase order is received and then is processed through to Accounts Payable.

When you click on detail you can view how the estimated costs were allocated to each item on the purchase order.
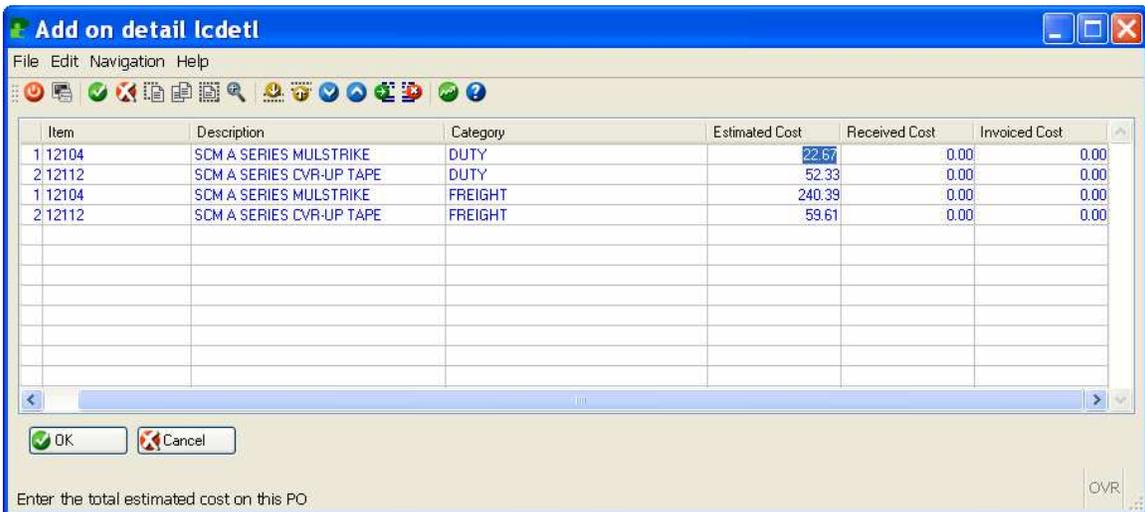
Please note that if you use a cost category that has a manual calculation method you will need to click on details and manually enter the cost you want to allocate to each item on the purchase order.

Important note: If you have set the Multiple Order flag to Y because you want to create multiple purchase orders from the purchase order entered, do not enter landed costs on the initial purchase order. They must be entered on each individual purchase order.

Print Purchase Orders:

This program has been modified to print the total weight and volume of all items on the purchase order.

Receiving Purchase Orders:

When you receive the purchase order and store the transaction you will be prompted as follows:

If it is determined that the estimated costs entered when the purchase order was entered were incorrect and need to be updated, you will enter the correct costs at this time. It is this cost that populates the Received Cost field on the Landed cost summary screen that displayed in Update Purchase Orders. If the costs are not adjusted the received cost will be set to the estimated costs.
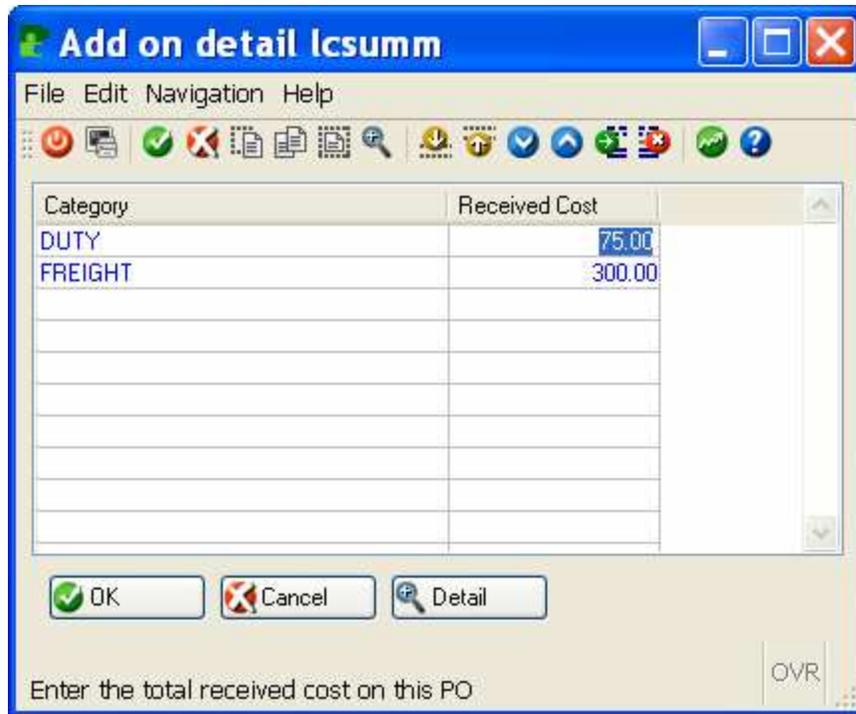
A landed cost filed has been added to the Update Receipts screen so that you can see the landed cost assigned to each item.
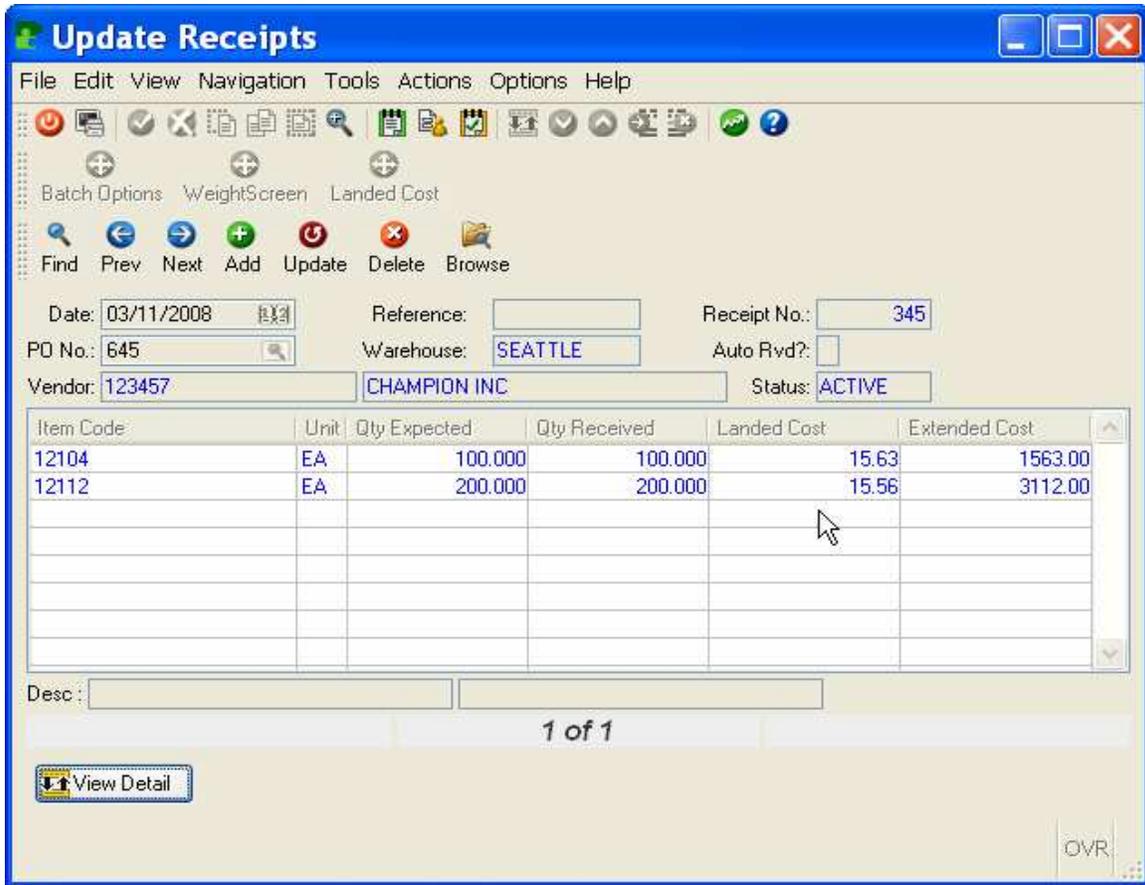
If there is a partial receipt of merchandise made, the costs will be prorated accordingly. For example, if the purchase order has a freight cost of $1000.00 but you only receive half of what was ordered, the freight on the first receipt will be adjusted to $500.00. The freight balance of $500.00 will remain with the PO for the next receipt of merchandise.

Post Receipts:

When the receipt is posted the unit cost of the item will be the landed cost. For example, the purchase order above will have the following unit costs for the items:

Item	Merchandise	Freight	Duty	Qty	Unit Cost
12104	$ 1300.00	$ 240.39	$ 22.67	100	$ 15.63
12112	$ 3000.00	$ 59.61	$ 52.33	200	$ 15.56

The entry to the General Ledger for REG purchase orders will be:

Debit Inventory $ 4,675.00
Credit AP Holding   4,675.00

For DIR purchase orders and purchase orders for Non-stock items, there is no entry made to the General Ledger when the receipt is posted. The entry is made when the purchase order is posted through to Accounts Payable using the Post Invoices program as follows.

DIR Orders:

Debit item's cost of goods account number
Credit AP

Nonstock items:

Debit item's account number in Nonstock catalog
Credit AP

Update AP Invoices:

When you enter the purchase order number all landed costs will display in the detail section of the screen:

If all the costs are to be paid to the vendor the purchase order was issued to, simply enter the vendor's invoice number and invoice date and then run the edit and post program to create an open AP item for the entire cost to the one vendor. If however the costs are from different vendors the process is different. Using the example above let's assume that the freight and duty were not charged by Champion Inc. You must enter the detail section of the screen and zero out these costs.

When the invoice is posted it will create an open AP item to Champion Inc for only the cost of the merchandise.
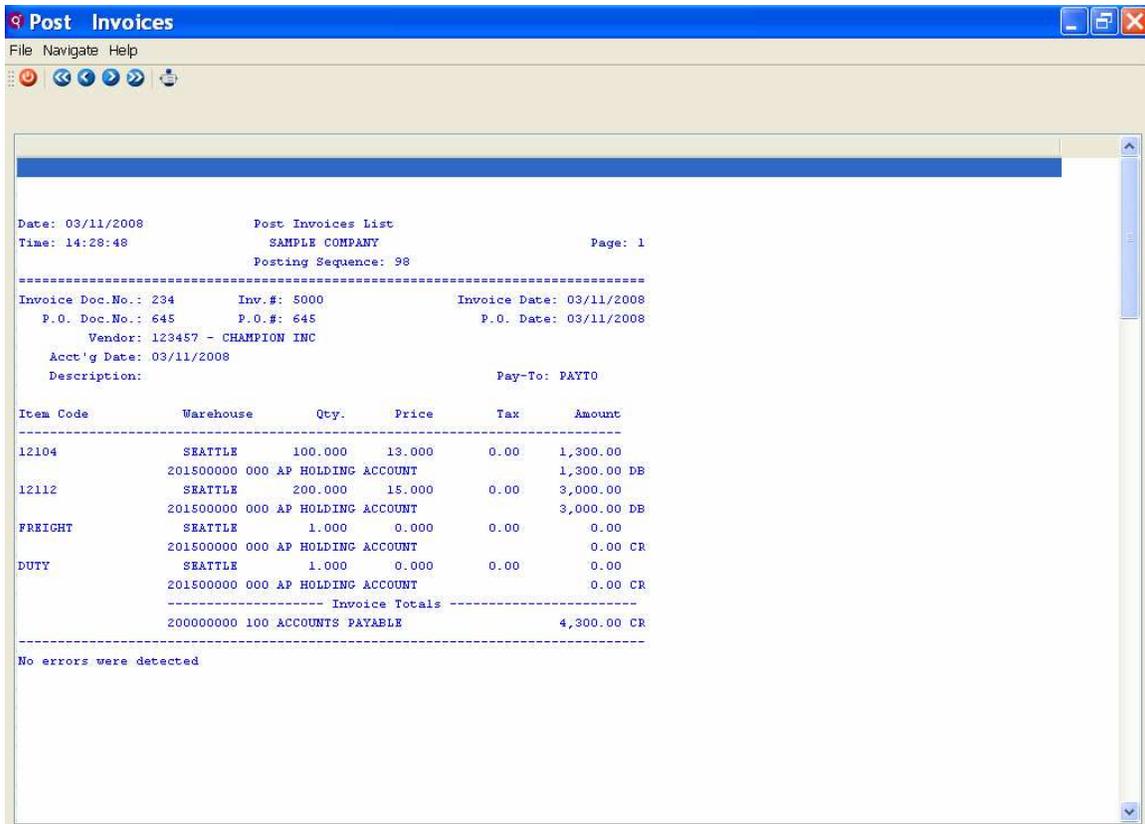
Now the invoice from the vendor that needs to be paid for the freight and duty is received. Again using the Update AP invoices program, enter the purchase order number, vendor invoice number, and vendor invoice date. The vendor code field is a no entry field and will display the vendor code that the purchase order was issued to. To change this code to the correct vendor code, click on the **Addl Vendor Costs** icon on the toolbar and you will receive this warning message:
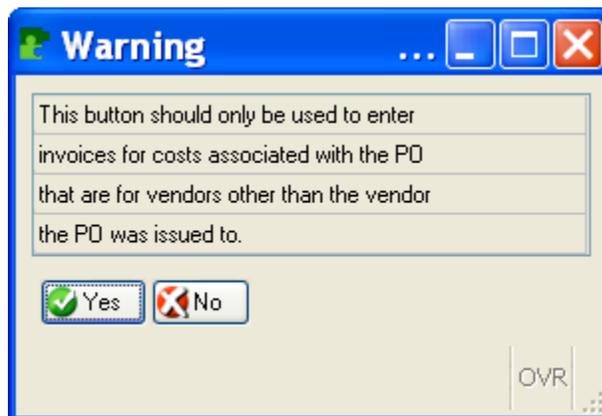
Select Yes to continue and enter the correct vendor code. When the edit and post are run, an open AP item will be created for freight and duty for the vendor code entered.

You can also process invoices for landed costs to vendors other than the vendor the merchandise was ordered from prior to receiving the purchase order using this program. When you enter the Update AP Invoices program, click on the **Addl Vendor Costs** icon **BEFORE** you enter the purchase order number. When the purchase order number is then entered, only the landed cost detail will display.

If you have received the purchase order and have not received the invoice from the vendor the merchandise was purchased from but need to process purchase orders from landed cost vendors do the following in the Update AP Invoice program.

1. Click on **Addl Vendor Costs** icon.
2. Enter the PO number.
3. Change vendor code to correct vendor.
4. Ctrl TAB to detail and zero out both cost and quantity for merchandise.
5. Change landed costs as necessary.
6. Run edit and post programs.

Update Landed Cost:

This program is option (j) on the PO maintenance menu. Once all costs for a purchase order have been recorded, if there were any variances in costs between the time the estimated costs were initially entered when the purchase order was entered and when it was received or posted to AP, these variances can be found here. In the example below, the estimated freight cost when the purchase order was entered was $300.00 but when the invoice from the vendor was received and posted to AP the freight cost was for $500.00. This created a freight variance of $(200.00).

When you are ready to post the variance to your general ledger, set the OK to Post flag to Y and run the edit and post landed cost variances programs.
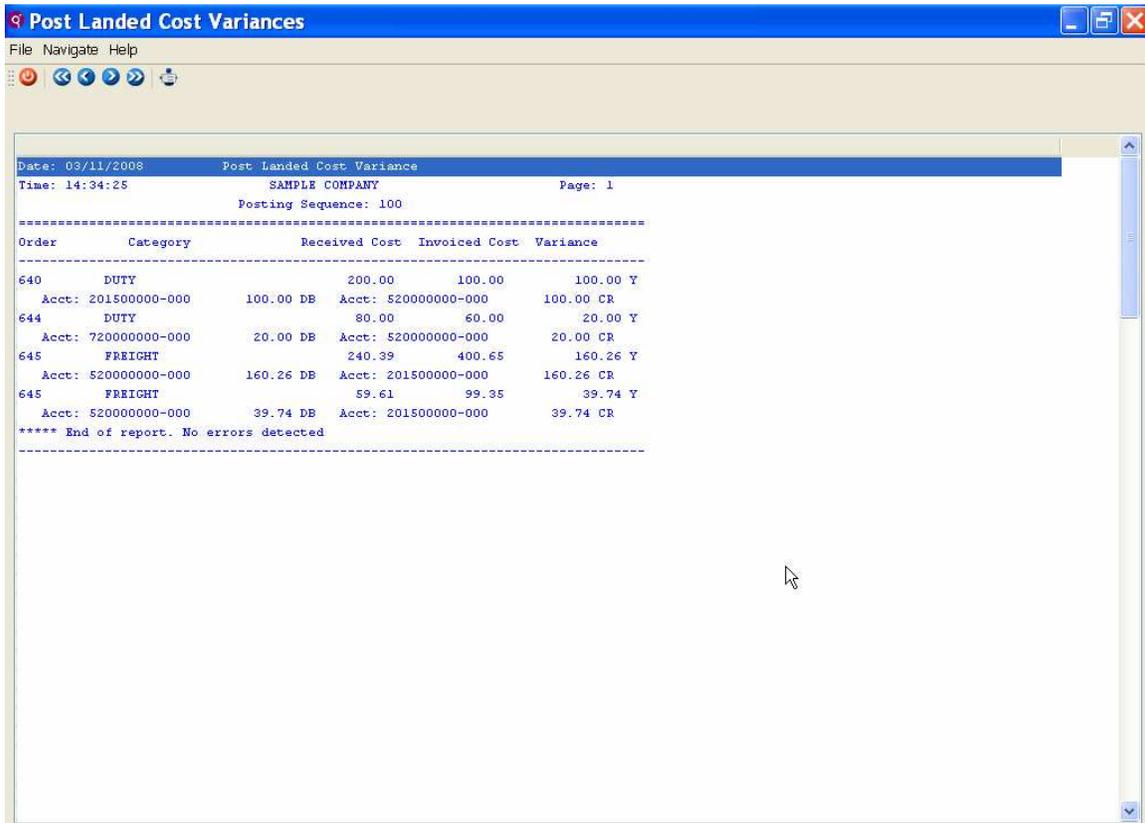
The general ledger transactions created in each posting routine for purchase order number 645 were as follows:

Receive and post PO:

Debit Inventory	$ 4675
Credit AP Holding	4675

Post purchase order to AP:

Debit AP Holding	$ 4875
Credit AP	4875

Post landed cost variance:

Debit Variance Account	$ 200
Credit AP Holding	200

You can view the landed cost detail in the Update Purchase Orders program by clicking on the Landed Cost icon. This way you will always know what additional costs were associated with your purchase orders.

Feature 1250   New Navigation Events

The following programs have new navigation events:

Update Purchase Orders - access to:

> Update vendor information
> Update pay-to information
> PO detail status report

Assign Vendors – access to Update vendor information

Feature 1300   Assignment of Shipping Units and Weight

When receiving a DIR purchase order (a shipment from your vendor straight to your customer) you can now enter shipping units and weights and this information will print on the various Export/Shipping forms discussed in the Order Entry Addendum.

When you receive a DIR purchase order using the Update Receipts program you will receive the following prompt when you try to store the transaction if you have not entered shipping units and weights:

If you select Y you will must then Ctrl Tab to enter the detail section of the screen and click on the Weight Screen icon on the toolbar for each item code on the receipt to enter the units and weights.
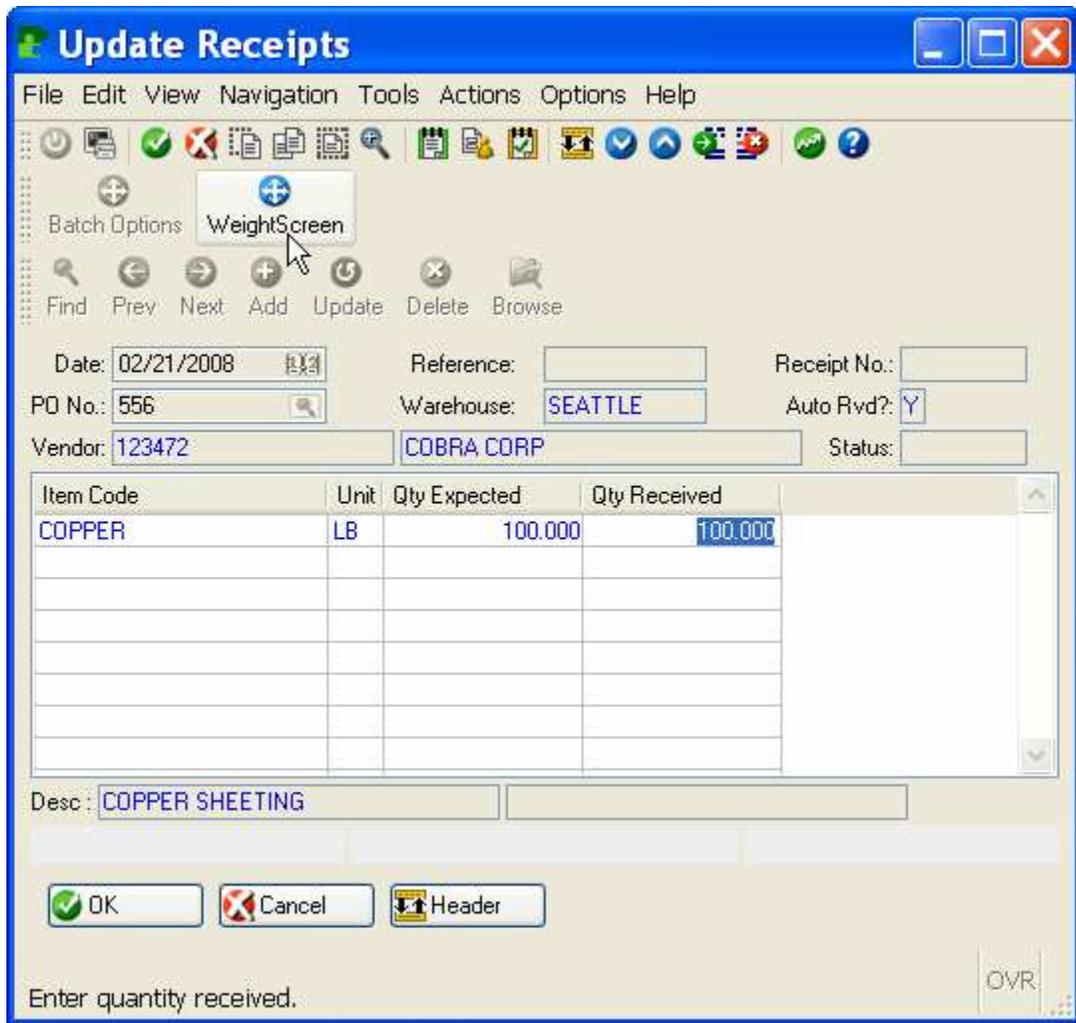
In this example below the order is for 100 lbs and it is to be shipped in two boxes; one weighing 40 lbs and one weighing 60 lbs.
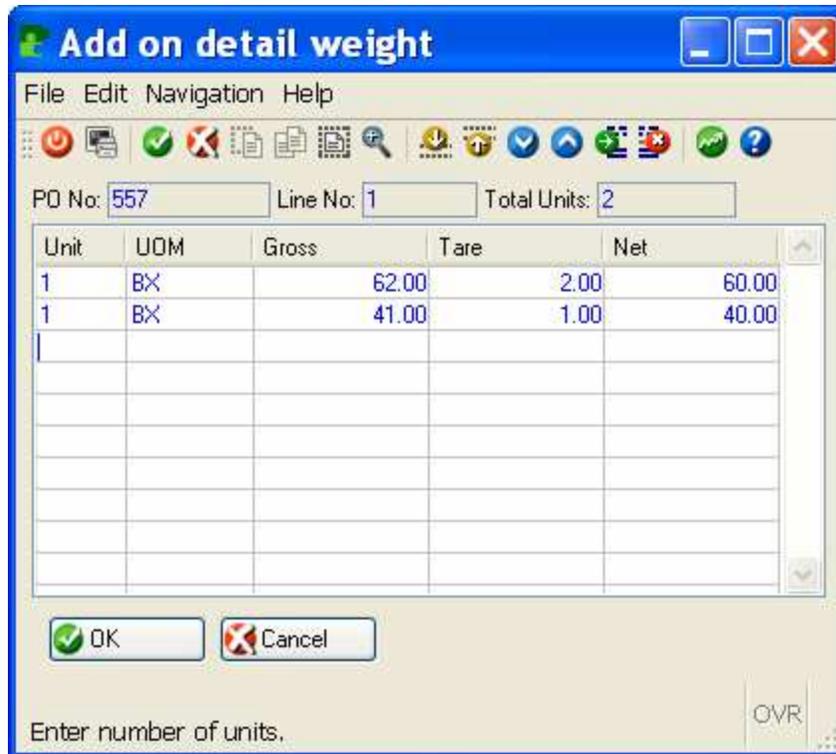
Feature 1306   Ability to Change REG Purchase Orders to DIR Purchase Orders

There may be on occasion the situation where you want to lock in a price with your vendor for a shipment that will be shipped directly to your   customer before the sales order from the customer is received. In this   situation the vendor purchase order will be created with an order type of   REG and there is no customer sales order. The Update Vendor Purchase   Orders program has been modified so that you can change the purchase   order's order type from REG to DIR. When you do this you will be prompted as follows:

If you select yes, you will then be prompted for the following information   so that the corresponding sales order can be created:

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When the purchase order is saved, the sales order will be created and an
entry will be made in the Shipment Tracking screen program.

Feature 1308   Creating Multiple Purchase Orders

There is new field on the Update Vendor Purchase Order screen labeled "Multiple
Orders" and this defaults to N. If you want to create multiple purchase orders, change this
value to Y. For the initial purchase order you enter, enter the total quantity for all
purchase orders you want to create from this purchase order. In the example below, 4
orders with a quantity of 250 each will be created.
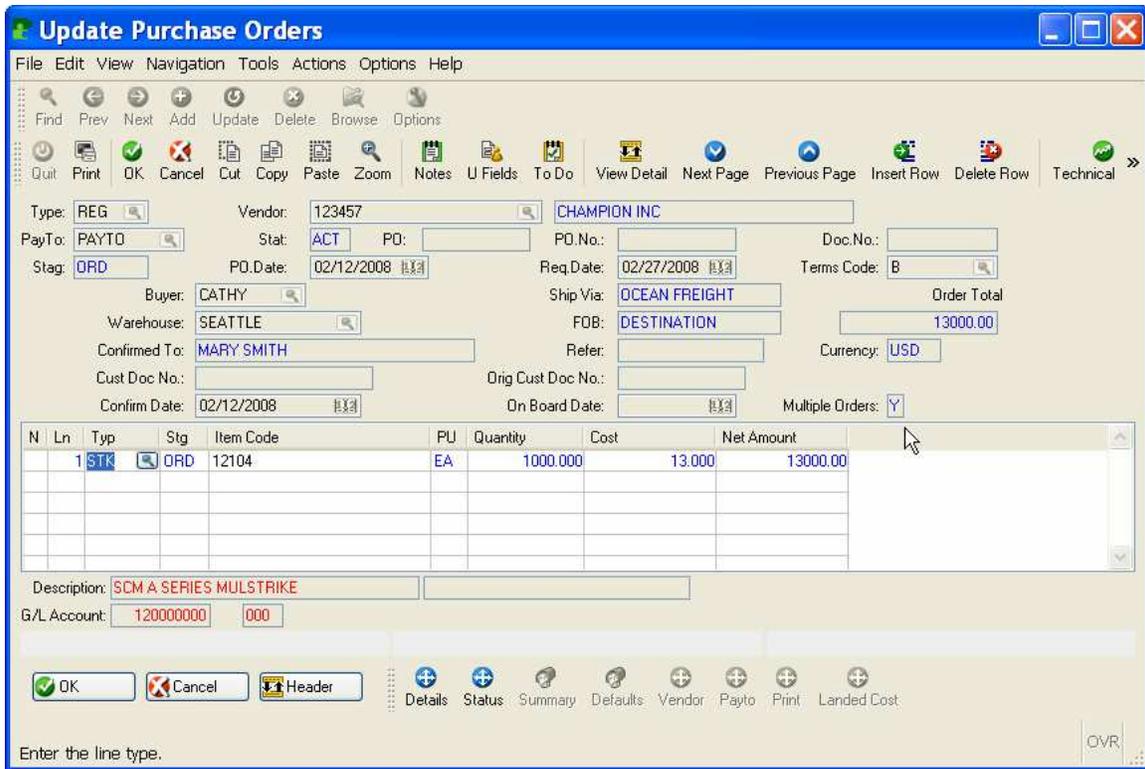
Prompt received when the initial purchase order is saved:

Feature 1362   Expansion of Purchase Order Number and New Field for Contact Name

The purchase order number has been expanded to twenty characters on screen and report programs.

A new field has been added to the Purchase Order header screen for Contact Name. The name entered here will print in the purchase order underneath the vendor code preceded by the word "Attention".

Feature 1378   New DRW Order Type

DRW stands for Direct Shipment to Warehouse. This order is used for customer orders that will be shipped directly from your vendor but first must become your property for inspection purposes, shipping arrangements etc. DRW orders work exactly like DIR orders with the following exceptions:

1. When the purchase orders is received, your quantity on hand is increased (though committed to a specific customer order) and this entry is made to the General Ledger

    > Debit Inventory
    > Credit AP Holding

2. When the purchase order is entered into Accounts Payable this entry is made to the General Ledger:

    > Debit AP Holding
    > Credit Accounts Payable

## Feature 1540   Quick PO Receipt by Vendor

Functionality has been added to so that a group of purchase orders by vendor can be received and posted simultaneously instead of one at a time.

A new menu option "Update Receipts By Vendor" has been added to the PO Maintenance menu.
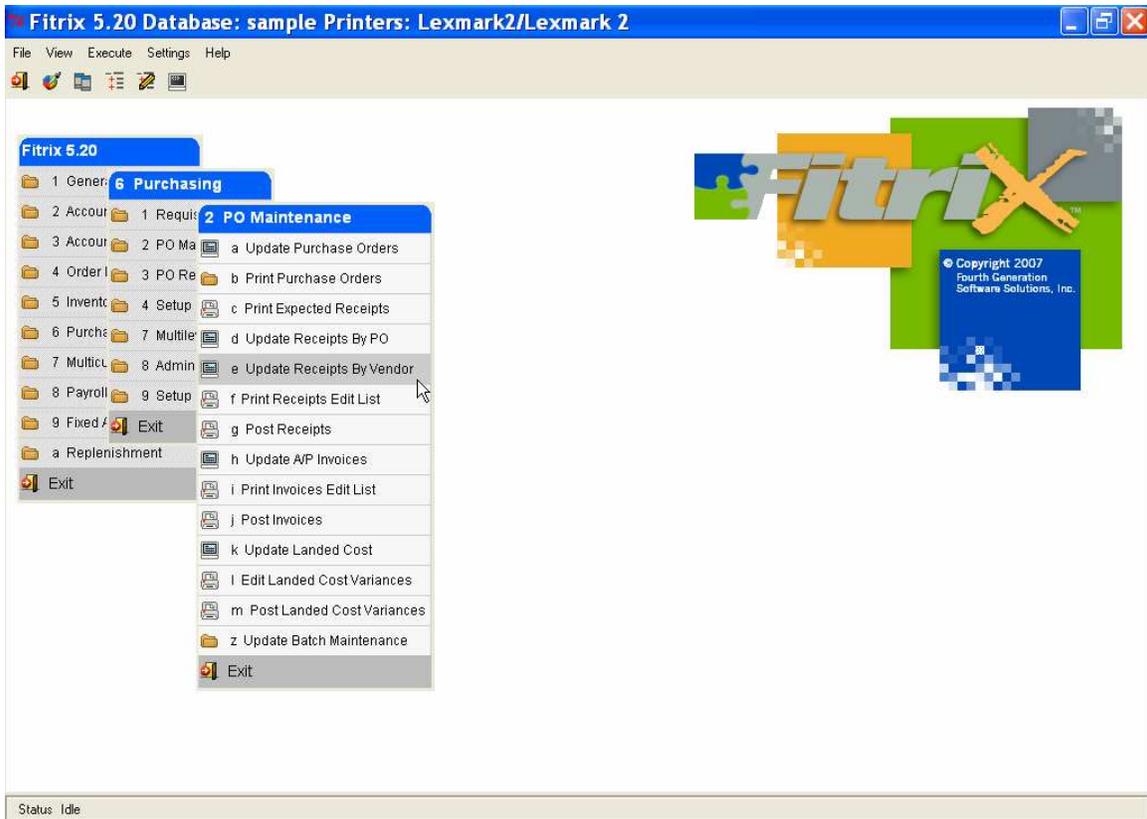
This program works exactly like the Update Receipts By Po program except that when you enter a vendor code all purchase orders that have part numbers that have yet to be received will display.
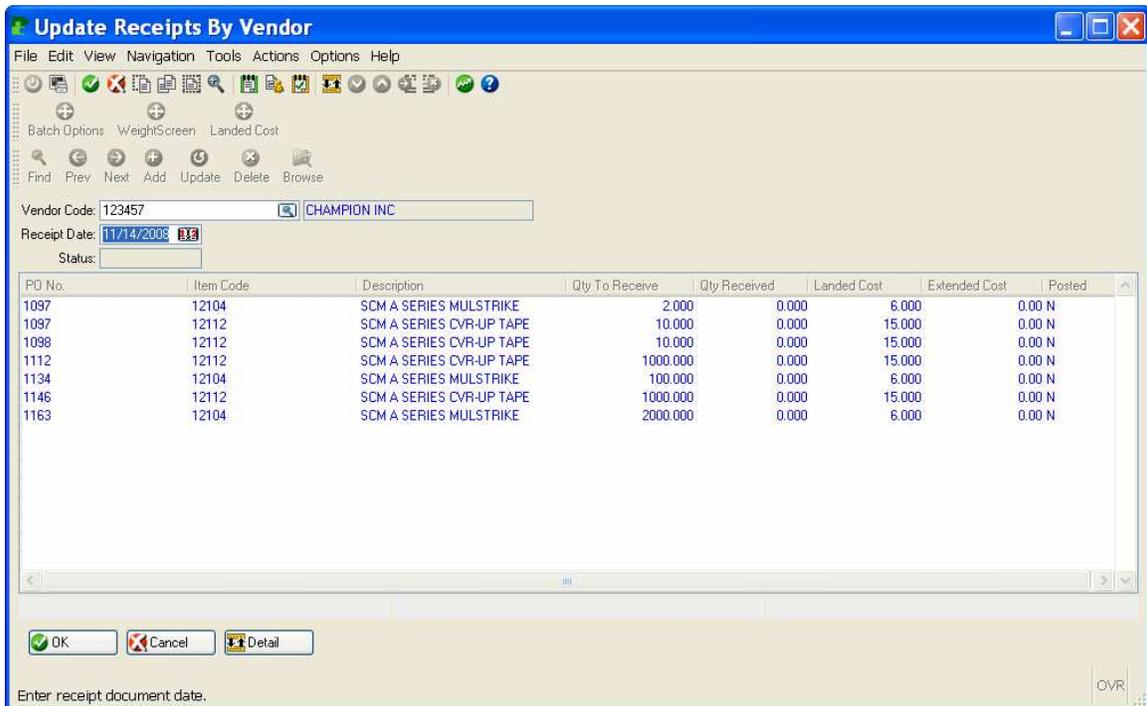
Go to the detail section of the screen and enter the receipt quantity for each purchase order. If you make a partial receipt for an item you will receive this prompt:
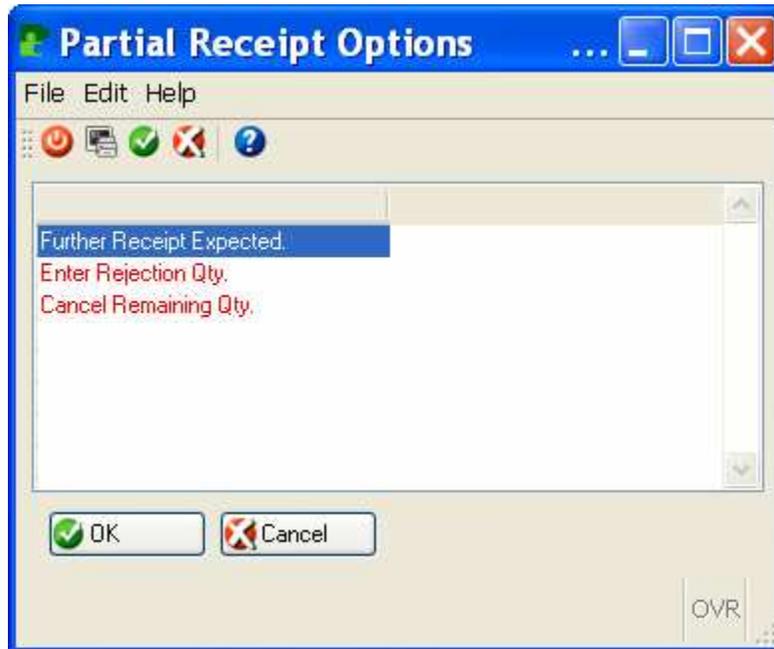

If any of the purchase orders you are receiving have a landed cost attached to them you will receive this prompt:
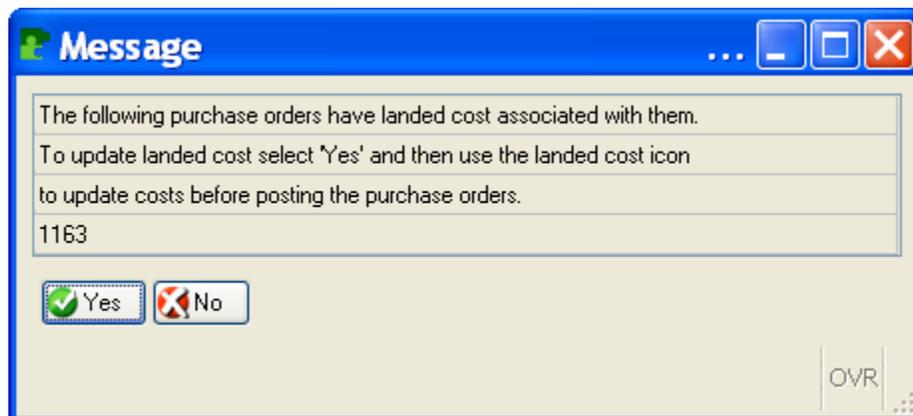

If you want to update the landed cost amounts prior to posting the receipt, select Yes and then click on the Landed Cost icon on the toolbar to update the amounts.

If any of the purchase orders you are receiving are PO type DRW (direct to warehouse) you will receive this prompt:
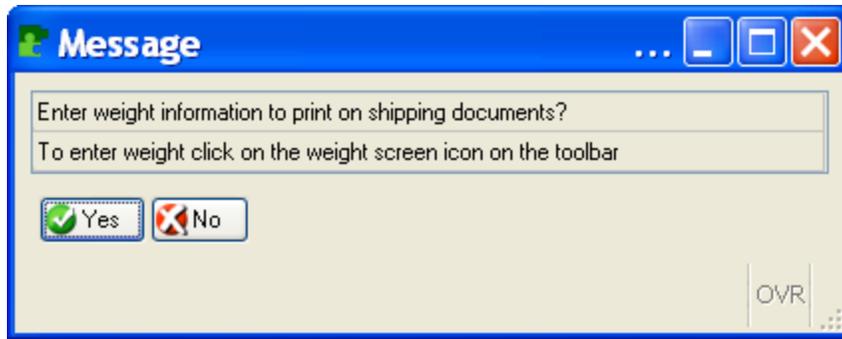
If you need to update the weights that will print on the Bill of Lading, select Yes and then click on the Weight Screen icon on the toolbar to update the weight information.

Once you have received the quantities and updated Landed Cost and Weight information, click OK and you will receive this prompt:
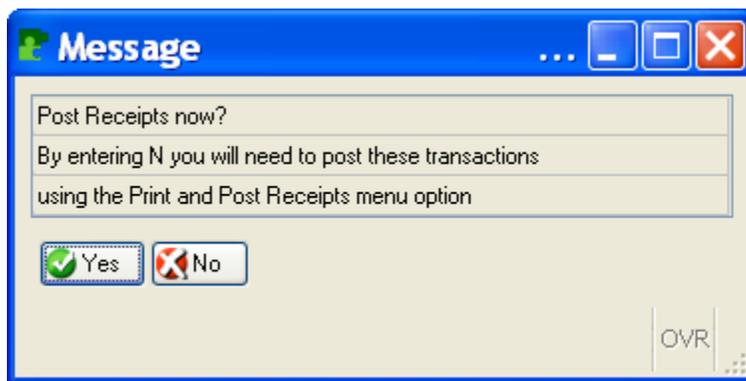
Select Yes to post the receipts. If you select No you will need to run the Receipt Edit and Post programs from the menu to post receipts entered.