



Copy of Terms and Concepts: -

Slide notes:

While working with IES, and especially with AP Creditors, AR Debtors and Purchasing, then we commonly use terms like Open Item, Open Order Item, Charge Item and Unallocated Item.

It is necessary to be quite clear on what these terms mean, and in this tutorial we explain them.

Example of a Purchase Order: -

Infolab (Pty) Ltd
PO Box 10341 0046 Centurion South Africa
Tel +27 12 320 9999 hello@infolabies.com www.openmyies.c

PURCHASE ORDER

| | | | |
|---------------|---|-----------------|-------------|
| Attention | | Order No. | icp987 |
| Supplier Name | Aamad S Yibhwal | Dated | 25 Apr 2006 |
| Address | 5645 Akhuphanga Drive, Blue Hills, Roseburg Side Kw. JAT, 1200 Central Singapore, Whatever | Point of Belief | |
| | | Contact Person | |
| Phone | 912 555 3432 | Invoice to | |
| Fax | | Contact Person | |
| Offer no | | Dated | |
| Request no | | Dated | |
| Payment Terms | | Bank Details | |
| Beneficiary | Aamad S Yibhwal | A / C No. | |

| No | Stock Code | Description | Qty | U/M | Delivery date | Unit Price | Amount |
|----|------------|---------------------------------|------|-----|---------------|------------|--------|
| 1 | 3002329 | CANON NB-2L BATTERY | 1.00 | ea | 21 May 2006 | 8.77 | 8.77 |
| 2 | 4700110 | KODAK NMA 464 F (S-B 40 ASA) | 2.00 | ea | 21 May 2006 | 9.65 | 19.30 |
| 3 | 3002094 | CANON A20 DIGITAL | 3.00 | ea | 21 May 2006 | 8.77 | 26.31 |
| 4 | 1531089 | DUST-OFF PLUS COMP AIR WNOZZLE | 1.00 | ea | 21 May 2006 | 9.65 | 9.65 |
| 5 | 4000140 | KODAK HD 400 135-24 2 PACK | 2.00 | ea | 21 May 2006 | 8.77 | 17.54 |
| 6 | 4010161 | Fuji CA 135-24 (200 ASA) 3-PACK | 3.00 | ea | 21 May 2006 | 9.65 | 28.95 |
| 7 | 1328650 | LOWEPRO NOVA 1 BAG | 1.00 | ea | 21 May 2006 | 8.77 | 8.77 |

Copy of Slide 2

Slide notes: In this example we are looking at a Purchase Order. It is true that Purchase Order prints and layouts can vary substantially from one company to the next, but a Purchase Order is always placed on a Supplier, and this will usually be an AP Creditors Account.

And a Purchase Order will always include 1 or more Line Items, which we can also call Order Items, and in our example we can see these Order Items at the bottom of the Purchase Order. When we place this Order, then the Order Items are Open, because we have not yet received them. So they are 'Open GRV Order Items', because there is no Goods Received Voucher yet.

Once any of the Items have been received, then they are still Open Order Items in terms of Invoice, because no Invoice has been processed yet. Once all the Items have been received and invoiced, then there are no Open Order Items on this Purchase Order.

Of course, it is quite possible that some of the Items may be received while others are not yet received. Therefore, even though the Purchase Order itself is certainly open, it also means that some Order Items on the Purchase Order are open, while others may no longer be open.

Example of Open Order Item Report: -

| PO Number... | Supplier..... | On Order | Descr..... | Quantity..... | Delivdate. | Super..... | Date Auth. |
|--------------|-----------------------|------------|--|---------------|------------|------------|------------|
| 81 | c00001 Anad & Withwal | 00011008 | DOG SCREW P/HO. 22596 FOR FINCH BEIN | 4.00 | 20/06/2008 | tt | 21/05/2008 |
| | | 3008412 | OLYMPUS CAMERA MASTER PRO 4.2 | 100.00 | | | |
| | | 1475223614 | Whatever | 1.00 | | | |
| 85 | c00001 Anad & Withwal | 00011008 | DOG SCREW P/HO. 22596 FOR FINCH BEIN | 1.00 | 20/06/2008 | tt | 02/06/2008 |
| | | 3002091 | CANON A7S DIGIT AL CAMERA | 1.00 | | | |
| | | 1121520 | CANON 80 ELAC E LIGHT STAND | 1.00 | | | |
| | | 3008412 | OLYMPUS CAMERA MASTER PRO 4.2 | 1.00 | | | |
| | | 1475238883 | Widgets | 1.00 | | | |
| 86 | c00001 Anad & Withwal | 00011008 | DOG SCREW P/HO. 22596 FOR FINCH BEIN | 10.00 | 21/06/2008 | tt | 22/05/2008 |
| 87 | c00001 Anad & Withwal | 1475948840 | Coffee | 1.00 | 27/06/2008 | tt | 02/06/2008 |
| | | 1475948891 | Shoes | 2.00 | | | |
| | | 1475949237 | any | 1.00 | | | |

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Slide notes:

So when we look at an example of an Open Order Item Report, then this may be for Items not Received or for Items not Invoiced.

In any event, each open Order Item belongs to a Purchase Order, and some may belong to the same Purchase Order.

Example of an Invoice: -

| Infolab (Pty) Ltd | | | | | |
|---|----------------------|---------|----------|--------------|------|
| Tel +27 12 320 9999 hello@infolabes.com www.openmytes.com | | | | | |
| PO Box 10341 0046 Centurion South Africa | | | | | |
| VAT No. 4444444445 | | | | | |
| Tax Invoice 5000030 dated 04 Jan 2009 | | | | | |
| Account: 07306 | | | | | |
| Grabowski, Theresa | | | | | |
| 11313 - 69 STREET | | | | | |
| Wachovia | | | | | |
| Date | Description | Doc | Quantity | R Amount | Tax |
| 04/01/09 | Shampoo, Luda, 850ML | 5000030 | | 35.00 | 0.00 |
| 04/01/09 | Shampoo, Luda, 500ML | 5000030 | | 29.55 | 0.00 |
| | | | Before | 64.55 | |
| | | | Tax | | 0.00 |
| | | | Total | 64.55 | |

Copy of Slide 4

Slide notes: Next we look at an example of an Invoice, and the appearance of an Invoice can also vary a lot from one Company to the next, but an Invoice will always include 1 or more Invoice Line Items, which we commonly call Charge Items. So it means that we can issue an Invoice to a Customer, and we can also receive an Invoice from a Supplier, but still the Invoice will include 1 or more Charge Items. And in the case of the Charge Items, they are open if they are not yet paid for, and not open when they are fully paid for.

If we take the current example of this Invoice Amount of 64.55, then of course it is possible for this amount to be paid in full on one occasion, but until the payment is matched, then the Charge Items are still open and the Amount is UNALLOCATED. Then, once the payment is matched to the Invoice, then the Charge Items are no longer open because they are fully paid for and matched. But what if only 1 of the Charge Items are paid for, or even just a part of 1 of the Charge Items? This is quite possible. In that case, any Charge Item which, after being matched by Payment, is partly paid or fully UNpaid, will still be considered an OPEN charge item. In other words, a Charge Item is closed or 'not open' only when it is fully matched by payment. And 1 Invoice can at any time have a mix of Open and Closed Charge Items.