Cost Centre allocation in Purchase through Invoice mode

Query

Why can\'t the 'Cost Centres' containing 'Purchase Entries in Invoice mode' be allocated, when the Sales Entries in Invoice mode can?

Solution

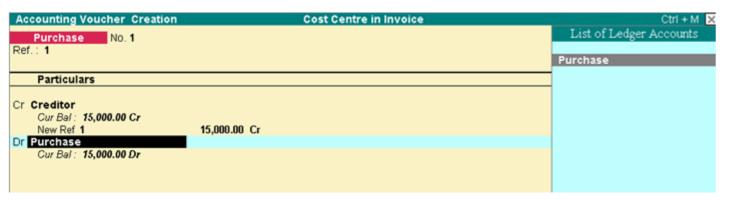
Please note, the users who are using both the features i.e., 'Track Additional cost on Purchase' and 'Cost Centres', will get mismatch of values in their Reports.

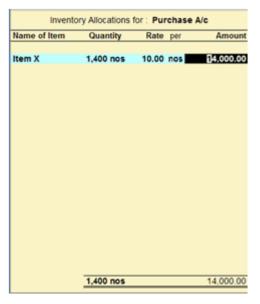
Please find below, a detailed explanation for the same.

Let us assume we make a purchase of 1400 nos. of an item at Rs.10 each, with an additional cost (freight) of Rs.1000. The entry and the impact of the purchase on the stock summary and cost centre reports would be as follows:

Purchase Entry in Voucher Format

1. When the Purchase entry in Voucher format is passed, after selecting the Purchase ledger, the Inventory Allocation screen will be displayed.

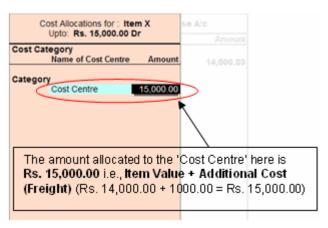


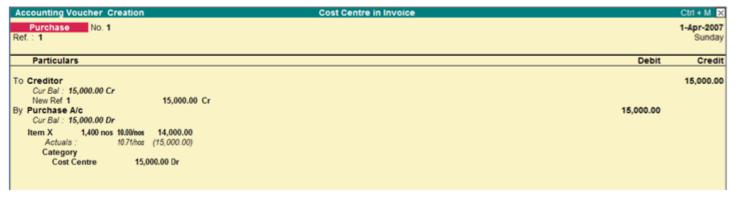


Once you select the Item and give the Quantity, Rate and press Enter, it will display Additional Cost Details screen and ask you to give the of Additional Cost details for the item. Select the ledger 'Freight' and enter the amount Rs.1000 for it.

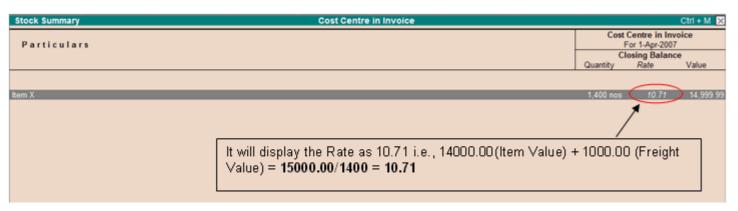


Once you enter the value and press Enter, the Cost Allocation screen pops up, where the required 'Category' is selected and the 'Cost Centre' as shown below:





The Stock Summary Report after the entry is passed in the entry mentioned above is seen as shown below:

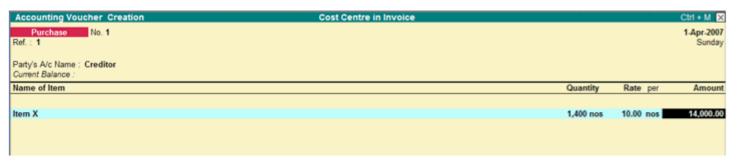


The Cost Centre Report allocates Rs.15000.00 to the Cost Centre and not Rs.14,000.00 i.e. not only the Item value but will also include the additional cost (freight) of Rs.1,000

	Breakup of Cost Centre Cos	st Centre in Invoice			Ctrl + M ×
	Particulars		Cost Centre: Cost Centre Cost Centre in Invoice For 1-Apr-2007		
		Transa Debit	Credit	Closing Balance	
	Purchase Accounts		15,000.00		15,000.00 Dr

Purchase Entry in an Invoice Mode

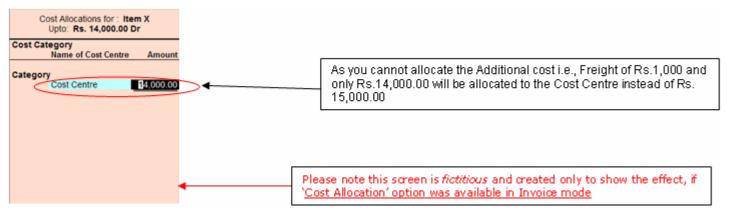
Now suppose you pass the above Purchase Entry in an Invoice mode:

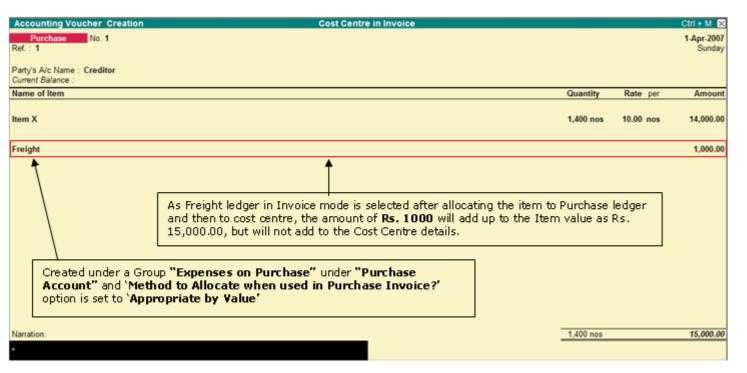


After selecting the Item, the *Quantity and the Rate*, on pressing Enter, the Purchase Ledger (for the purpose of Accounting allocation) is displayed as shown below:

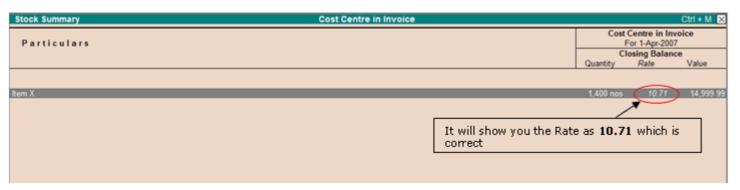


Now suppose, we allow a 'Cost Centre Allocation in Invoice mode, then the Cost Centre Allocation screen will be displayed once you select the above Purchase ledger (as we allocate 'Cost Centres' to Purchase Ledger)

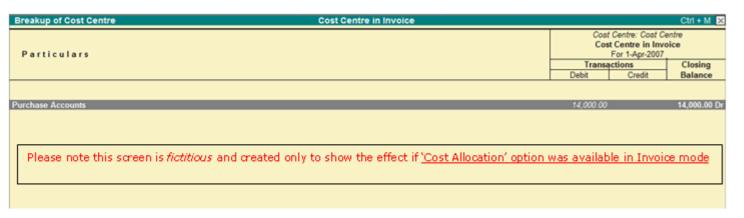




Now when you check the Stock Summary Report, it will show the total amount of Rs.15,000/-



But when you check the Cost Centre Report, it will display only Rs.14,000/- as the allocation amount, which is incorrect.



This will lead to an incorrect cost centre report, as the additional cost details are not allocated to cost centre, in case of purchase entry in invoice mode. The entry needs therefore needs to be passed in voucher mode. You can use the feature 'User Pre-defined Cost Centre Allocation during Entry' in Purchase entry in Invoice mode, if it suits you.