BK & OSS

SUPPLIER STATEMENT RECONCILIATION

(Ensuring Accuracy of Financial Records)





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AGENDA

- About Supplier Statement Reconciliation
- Basic Documents
- Aged payables in Xero
- Scenarios
- Importance of Supplier Statement Reconciliation
- Conclusion

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SUPPLIER STATEMENT RECONCILIATION

Supplier reconciliation refers to the process of reconciling individual supplier balances from the accounts payable ledger with the statement provided by the supplier. A supplier reconciliation statement should contain details of all invoices, credit notes, discounts availed, advances, payments made, etc.



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BASIC DOCUMENTS



➢ SUPPLIER STATEMENT

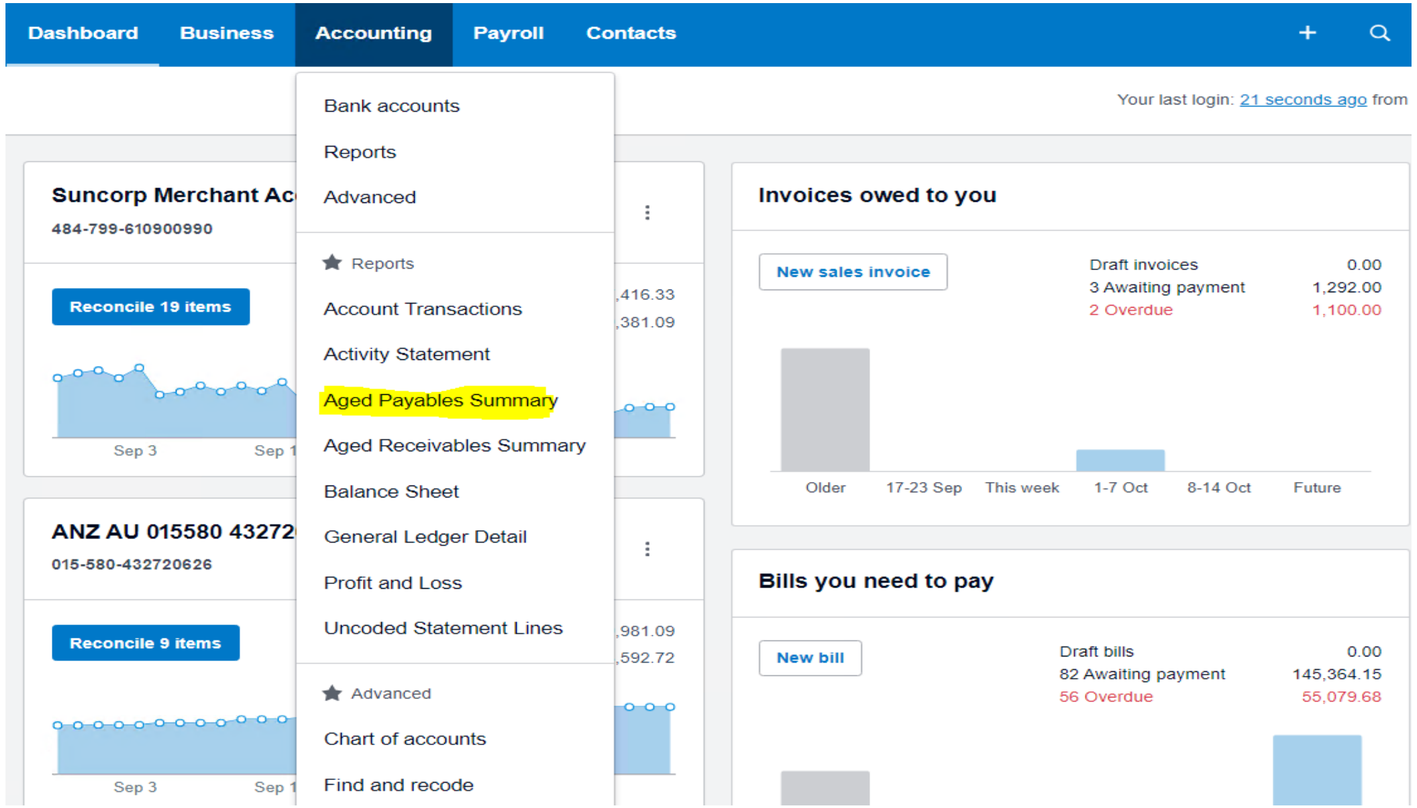
A supplier statement is a report from your vendor's that lists information like your outstanding vendor invoices only or all transactions during the month . There is no fixed Format .

➢ AGED PAYABLES

The Aged Payables report displays unpaid purchase invoices (i,e) the total amount you owe to your suppliers which we download it from our accounting software.

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AGED PAYABLES IN XERO

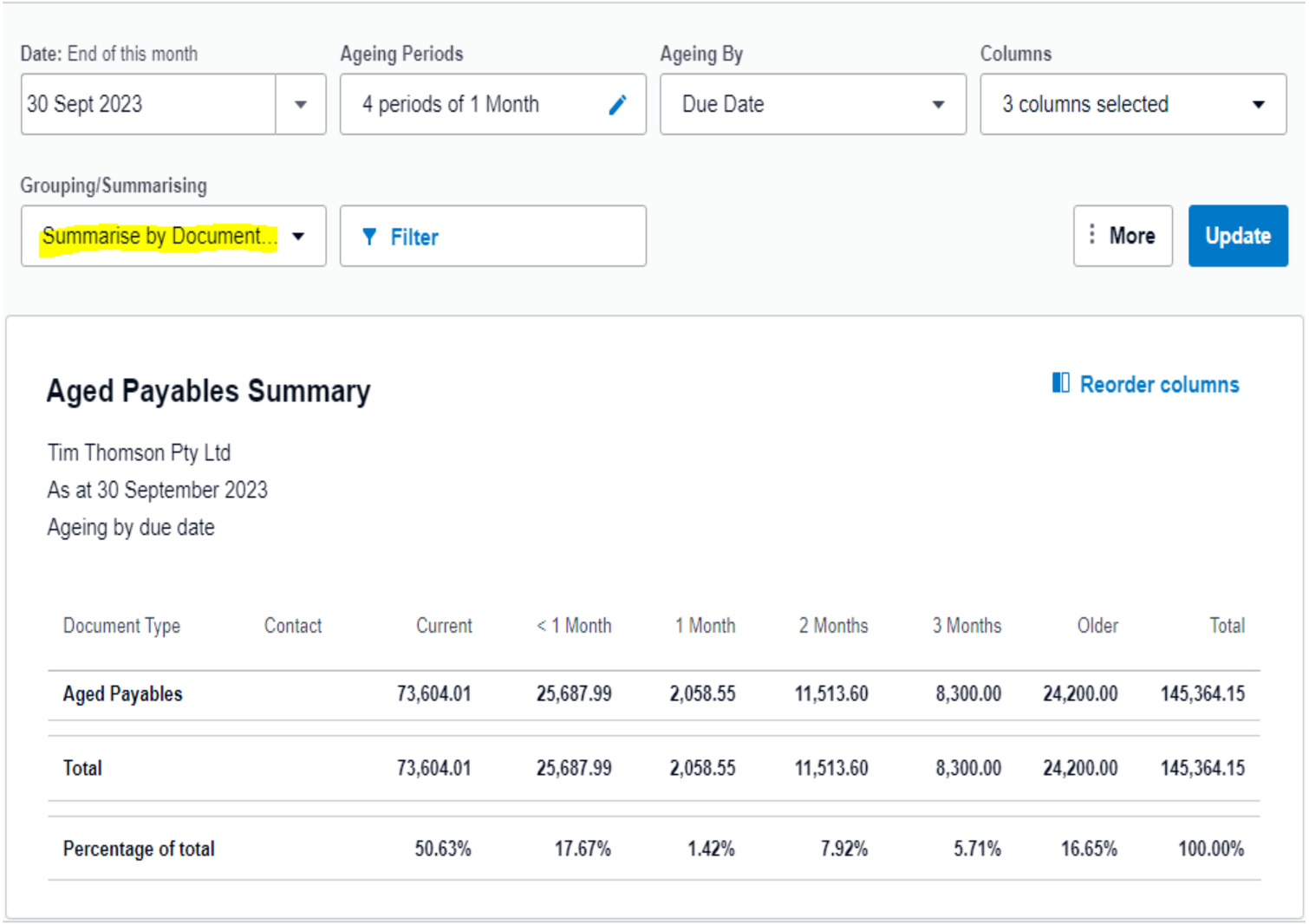


Aged payables report from our accounting software(Xero) :

This can be done by selecting Aged payables summary under the accounting tab in Xero

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Aged payables report are customizable in following :

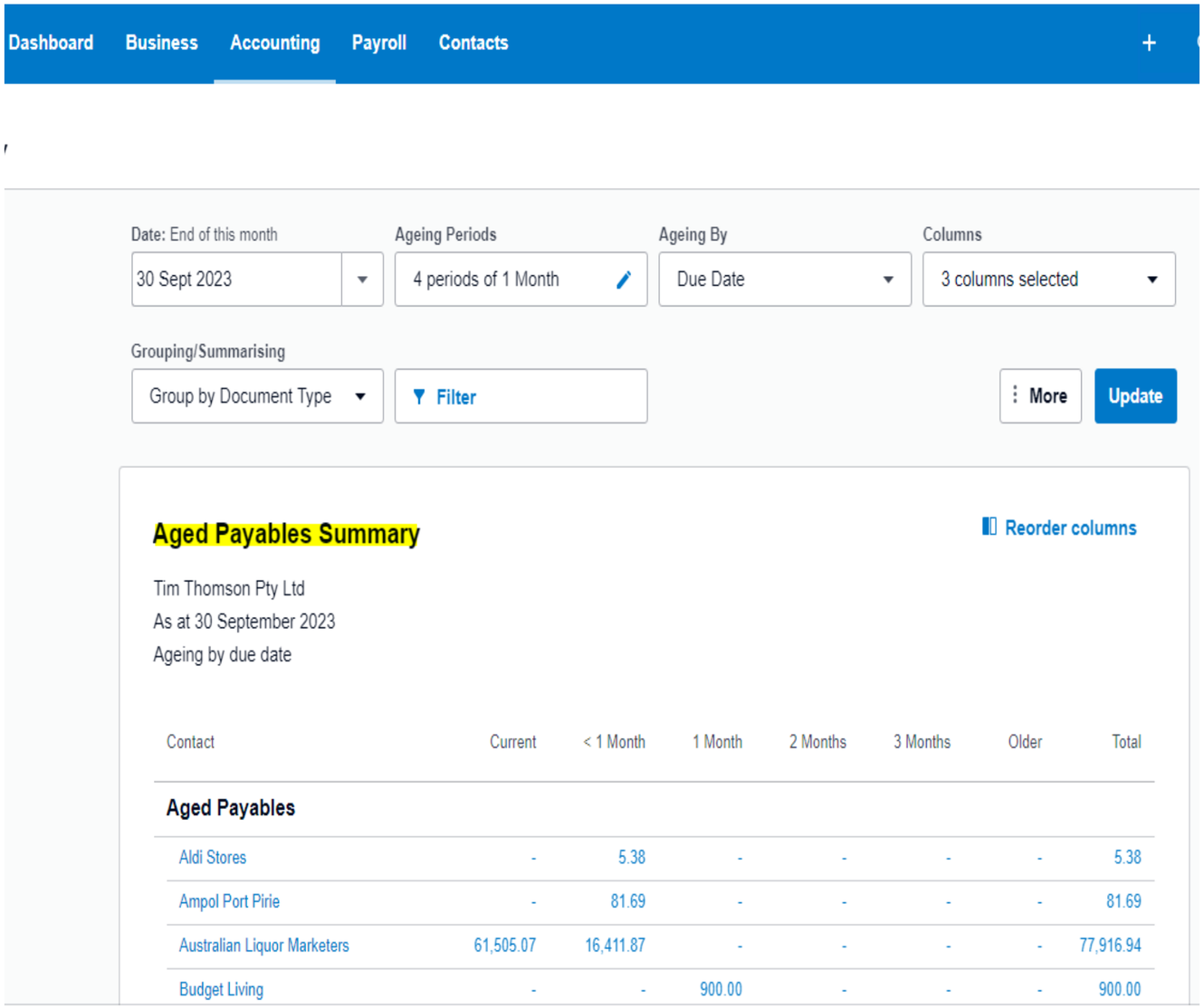
Date
Ageing period
Ageing by
Columns
Grouping / Summarizing

Summaries by document :

Shows the overall due amount of the respective month .

Usually this is not used as they statement is provided by each supplier separately

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Aged payable summary under group by document type shows the outstanding payable amount from each supplier separately .

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Aged Payables Summary

Reorder columns

Tim Thomson Pty Ltd

As at 30 September 2023

Ageing by due date

Contact	Current	< 1 Month	1 Month	2 Months	3 Months	Older	Total
Aged Payables							
Aldi Stores	-	5.38	-	-	-	-	5.38
Ampol Port Pirie	-	81.69	-	-	-	-	81.69
Australian Liquor Marketers	61,505.07	16,411.87	-	-	-	-	77,916.94
Budget Living	-	-	900.00	-	-	-	900.00
BWS	-	163.00	-	-	-	-	163.00
BYTECRAFT SYSTEMS	-	768.59	-	-	-	-	768.59
Carlton & United Breweries	4,903.34	-	-	-	-	-	4,903.34

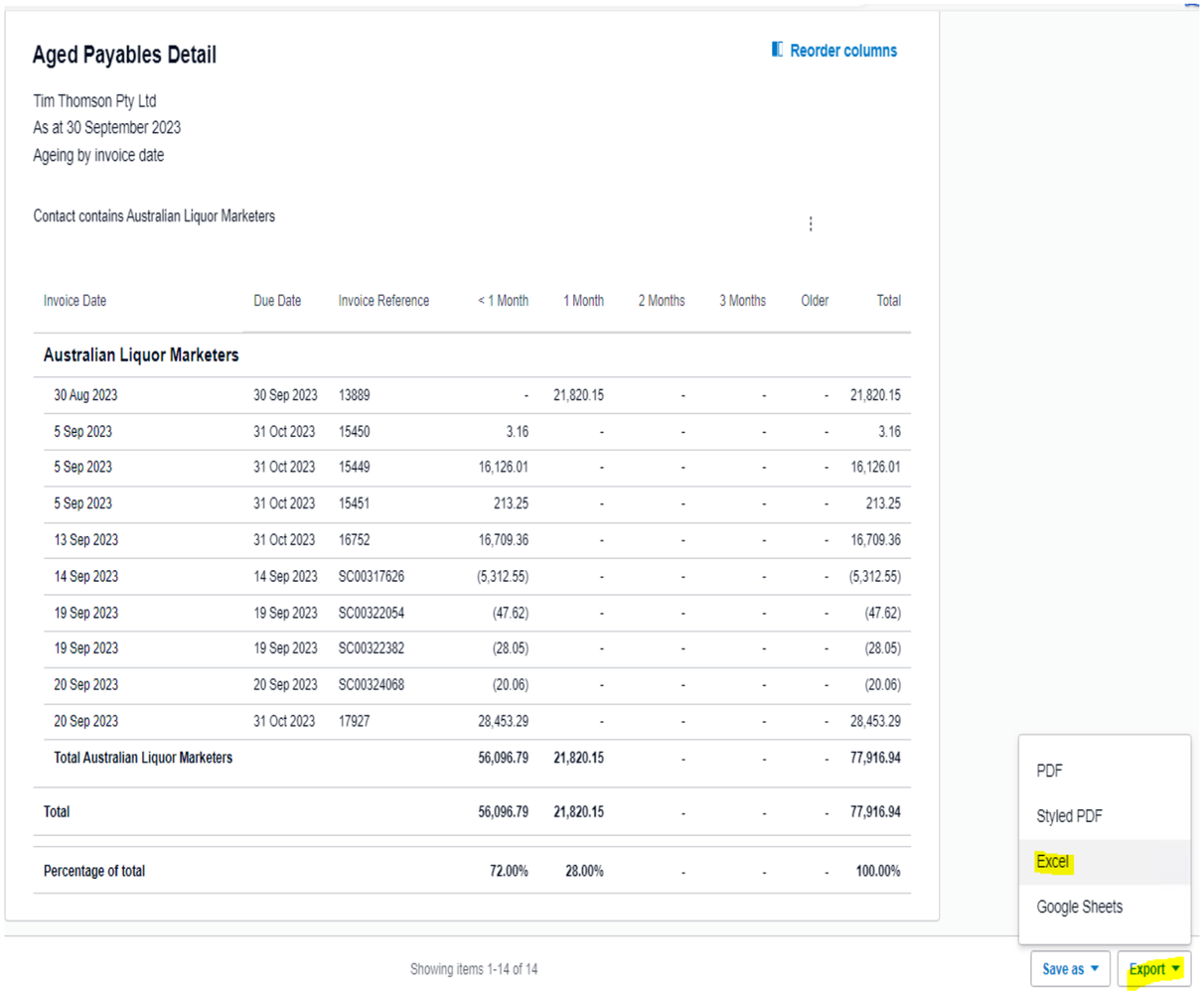
Breakup of the Consolidate outstanding amount of each supplier can be viewed by selecting the respective supplier. The following window will appear

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Invoice Date	Due Date	Invoice Reference	< 1 Month	1 Month	2 Months	3 Months	Older	Total
Australian Liquor Marketers								
1 Aug 2023	30 Sep 2023	8924	2.13	-	-	-	-	2.13
1 Aug 2023	30 Sep 2023	8923	15,771.33	-	-	-	-	15,771.33
8 Aug 2023	30 Sep 2023	9993	18,740.84	-	-	-	-	18,740.84
8 Aug 2023	30 Sep 2023	9994	209.75	-	-	-	-	209.75
16 Aug 2023	30 Sep 2023	11146	53.26	-	-	-	-	53.26
16 Aug 2023	30 Sep 2023	11145	19,037.51	-	-	-	-	19,037.51
23 Aug 2023	30 Sep 2023	12475	230.34	-	-	-	-	230.34
23 Aug 2023	30 Sep 2023	12474	17,349.54	-	-	-	-	17,349.54
23 Aug 2023	30 Sep 2023	12477	73.38	-	-	-	-	73.38
23 Aug 2023	30 Sep 2023	12476	408.08	-	-	-	-	408.08
30 Aug 2023	30 Sep 2023	13889	21,820.15	-	-	-	-	21,820.15
30 Aug 2023	30 Sep 2023	13890	329.28	-	-	-	-	329.28
30 Aug 2023	30 Sep 2023	13891	271.11	-	-	-	-	271.11
30 Aug 2023	30 Sep 2023	13892	218.28	-	-	-	-	218.28
Total Australian Liquor Marketers			**94,514.98**	-	-	-	-	**94,514.98**
Total			**94,514.98**	-	-	-	-	**94,514.98**

As this is nothing but the split up of the outstanding amount of each supplier . that is the due invoices of the respective supplier

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After customized the report as per our requirement . we can export it in any other form as required by choosing the export option and selecting the mode of export

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Aged Payables Detail

Tim Thomson Pty Ltd

As at 30 September 2023

Ageing by invoice date

Contact contains Australian Liquor Marketers

Invoice Date	Due Date	Invoice Reference	< 1 Month	1 Month	2 Months	3 Months	Older	Total
Australian Liquor Marketers								
30 Aug 2023	30 Sep 2023	13889	0.00	21,820.15	0.00	0.00	0.00	21,820.15
05 Sep 2023	31 Oct 2023	15450	3.16	0.00	0.00	0.00	0.00	3.16
05 Sep 2023	31 Oct 2023	15449	16,126.01	0.00	0.00	0.00	0.00	16,126.01
05 Sep 2023	31 Oct 2023	15451	213.25	0.00	0.00	0.00	0.00	213.25
13 Sep 2023	31 Oct 2023	16752	16,709.36	0.00	0.00	0.00	0.00	16,709.36
14 Sep 2023	14 Sep 2023	SC00317626	(5,312.55)	0.00	0.00	0.00	0.00	(5,312.55)
19 Sep 2023	19 Sep 2023	SC00322054	(47.62)	0.00	0.00	0.00	0.00	(47.62)
19 Sep 2023	19 Sep 2023	SC00322382	(28.05)	0.00	0.00	0.00	0.00	(28.05)
20 Sep 2023	20 Sep 2023	SC00324068	(20.06)	0.00	0.00	0.00	0.00	(20.06)
20 Sep 2023	31 Oct 2023	17927	28,453.29	0.00	0.00	0.00	0.00	28,453.29
Total Australian Liquor Marketers			**56,096.79**	**21,820.15**	**0.00**	**0.00**	**0.00**	**77,916.94**
Total			**56,096.79**	**21,820.15**	**0.00**	**0.00**	**0.00**	**77,916.94**
Percentage of total			**72.00%**	**28.00%**	**0.00%**	**0.00%**	**0.00%**	**100.00%**

Exported aged payables summary in a forms of excel

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VARIOUS SCENARIOS ARISES WHILE DOING SUPPLIER STATEMENT RECONCILIATION

SCENARIO 1

Balance as per supplier statement is more than our accounting software

Closing balance as per supplier statement	1,50,000
Closing balance as per our Accounting software	1,00,000

Reasons :

1) Bills Posted against wrong supplier
2) Bills may be missed to provide by our client

SCENARIO 2

Balance as per supplier statement is less than our accounting software

Closing balance as per supplier statement	1,50,000
Closing balance as per our Accounting software	1,80,000

Reason :

1) Bills of Another supplier wrongly posted her
2) Duplicate entries

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TIMING DIFFERENCE ----------> IGNORED

Timing difference :

E.g. : Supplier statement generated on 1st Oct and provided to Accounts Department on 3rd Oct and
On 2nd Oct client made another purchase

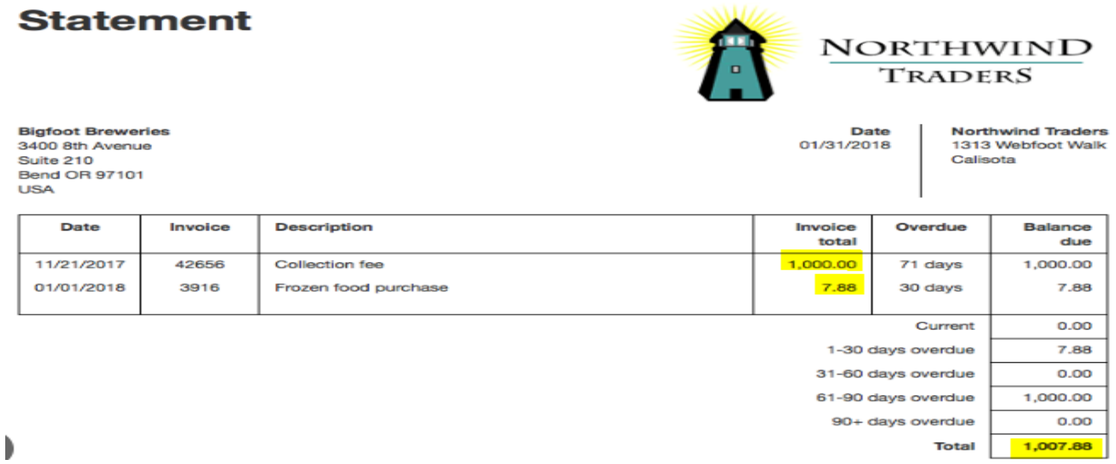
In the above cases ,

Purchase made on 2nd Oct will be reflected in our accounting software, as the bills are published on day to day basis.
But at the same time , statement is generated on 1st Oct which does not include the purchase made on 2nd oct .
Hence difference between the balance as pee Accounting software and Statement occurs because of the above , is said as timing difference.

In case of timing difference , no further Step is required to rectify it

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SCENARIO 3 → DIFFERENCE IN BALANCE DUE TO DIFFERENCE IN OPENING BALANCE



Statement

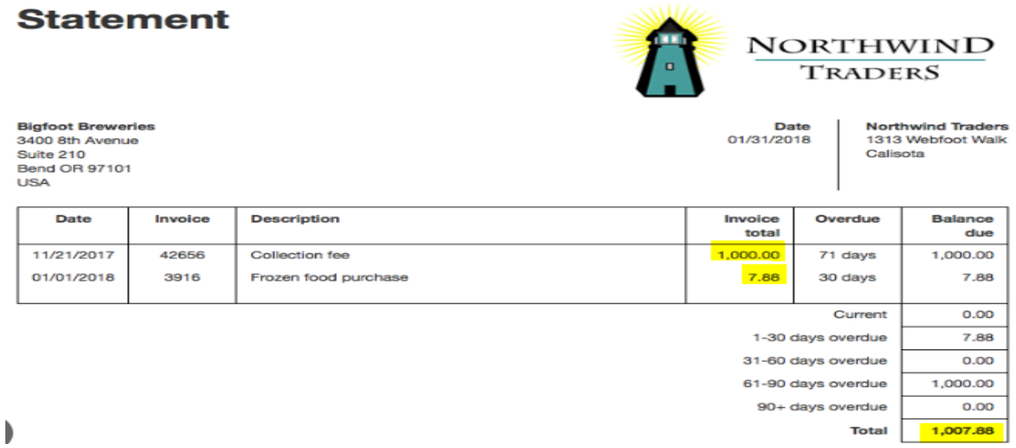
NORTHWIND TRADERS

Bigfoot Breweries
3400 8th Avenue
Suite 210
Bend OR 97101
USA

Date
01/31/2018

Northwind Traders
1313 Webfoot Walk
Calisota

Date	Invoice	Description	Invoice total	Overdue	Balance due
11/21/2017	42656	Collection fee	1,000.00	71 days	1,000.00
01/01/2018	3916	Frozen food purchase	7.88	30 days	7.88
				Current	0.00
				1-30 days overdue	7.88
				31-60 days overdue	0.00
				61-90 days overdue	1,000.00
				90+ days overdue	0.00
				Total	1,007.88



Statement

NORTHWIND TRADERS

Bigfoot Breweries
3400 8th Avenue
Suite 210
Bend OR 97101
USA

Date
01/31/2018

Northwind Traders
1313 Webfoot Walk
Calisota

Date	Invoice	Description	Invoice total	Overdue	Balance due
11/21/2017	42656	Collection fee	1,000.00	71 days	1,000.00
01/01/2018	3916	Frozen food purchase	7.88	30 days	7.88
				Current	0.00
				1-30 days overdue	7.88
				31-60 days overdue	0.00
				61-90 days overdue	1,000.00
				90+ days overdue	0.00
				Total	1,007.88

Each Outstanding invoice of supplier Statement matches with aged payables report but the colsing balance of both May doesn't match . this May due to difference in the opening balance (I,e) difference in previous monyh outstandinv .

Rectification : it can be rectified by by geetibv previous month supplier statement from the respective supplier and reconciling both

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Importance

- **MAINTAIN ACCOUNTS UPTO DATE**

  (I,e) As on the end date of the supplier statement the due balance as per supplier and the due balance as per our Aged payables will be same

- **MINIMIZE THE TIME TO RECOVER INCORRECT PAYMENT**

  (Make payment on time)

- **STRONG VENDOR RELATIONSHIP**

Eg : If the Invoice of ABC Ltd as been wrongly posted against XYZ Ltd and on the due date amount was wrongly paid to XYZ Ltd

In the above eg , various steps to be taken to recover such amount from XYZ Ltd which is a **time consuming process** and according to ABC Ltd payment was not made on due date hence it **affects the smooth relationship** between these two vendors

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CONCLUSIONS

Internal control mechanism to ensure that the accounts payable ledger is accurate and strengthening vendor relationship - Prompt communication and timely payments.

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