



**How to
Configure Counter Documents**

DOCUMENT SUMMARY SHEET

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1 Counter Document Overview

1.1 What Is the Purpose of Counter Documents?

The following is expressed using an Australian tax environment for simplicity of illustration to the users with whom Adaxa primarily deals. The functionality is equally applicable in other similar tax jurisdictions.

Assume we have two Organisation, HQ and NSW. Each is a separate legal entity and transactions between them have Goods and Services (GST) consequences and have to be evidenced by Tax invoices. Because of the tax requirements it is not possible to simply use Adempiere's Inter Organisation balancing which automatically creates inter-organisation transactions to ensure that the trial balance of each entity sums to zero and inter-org indebtedness is properly recorded.

HQ and NSW buy and sell products from each other by raising Purchase Orders (PO) and Sales Orders (SO) respectively. The normal flow of documents would be:

- A PO in NSW will result in a Sales Order in HQ.
- A Material Shipment in HQ will result in a Material Receipt in NSW
- A Sales Invoice in HQ will result in a Vendor Invoice in NSW

Adempiere provides infrastructure to allow the initiation of the PO document in NSW to automatically create the Sales Order in NSW without further re-keying. These two documents are called "Counter Documents". The subsequent transactions as outlined above also generate Counter Documents.

This approach allows inventory (or service entitlements) to move between two organisations where the inventory items are each dealt with at the accounting cost applicable in the respective organisations and each organisation has appropriate tax invoices to satisfy their legal obligations. Examples of such organisations are Franchise Organisations where an item of stock is owned by the Franchisor and has a cost of (say) \$100; this is sold to a Franchisee for \$125 and held in stock by the franchisee at a cost of \$125.

If the "simple" self-balancing-between-organisations functionality of Adempiere is used, differences in product cost and any tax requirements can not be dealt with.

1.2 Linking a Business Partner to an Organisation

Before the two Organisations can have transactions occur between them, each Organisation has to exist as a Business Partner (BP) of the other organisation since POs, invoices and payments occur between BPs rather than Adempiere Organisations.

In contrast, Adempiere's self-balancing of Organisations causes general ledger transactions directly between the Organisations without requirement for a BP unless BP is a mandatory part of the Account Schema.

1.3 Linking a BP to an Organisation

In the HQ Organisation, create a BP called 'NSW Pty Ltd' in the same manner for any other customer.

The screenshot shows the 'Business Partner' form in the Adaxa application. The form is titled 'Business Partner' and has a menu bar with 'File', 'Edit', 'View', 'Go', 'Tools', and 'Help'. The main form area contains several fields and sections:

- Client:** GardenWorld
- Organization:** HQ
- Search Key:** NSW PL
- Greeting:** (dropdown menu)
- Name:** NSW PL
- Name 2:** (empty field)
- Description:** (empty field)
- Active:** Active
- Summary Level:** Summary Level
- Credit Status:** No Credit Check
- Open Balance:** 0.00
- Tax ID:** (empty field)
- Tax exempt:** Tax exempt
- D-U-N-S:** (empty field)
- Reference No:** (empty field)
- NAICS/SIC:** (empty field)
- Rating:** (empty field)
- Business Partner Group:** Standard Customers
- Language:** English (USA)
- URL:** (empty field)
- Active Prospect/Customer:** Active Prospect/Customer
- Link Organization:** (button)

The status bar at the bottom indicates 'Record saved' and '3/14'.

Click on the "Link Organisation Button". The following will be displayed after accepting the initial information screen (which is not reproduced here):

The screenshot shows the same 'Business Partner' form as above, but with a dialog box titled 'Link Business Partner to an Organization' open over it. The dialog box contains the following fields:

- Existing Organization:** NSW
- Organization Type:** (dropdown menu)
- Limit Access to Role:** NSAdmin

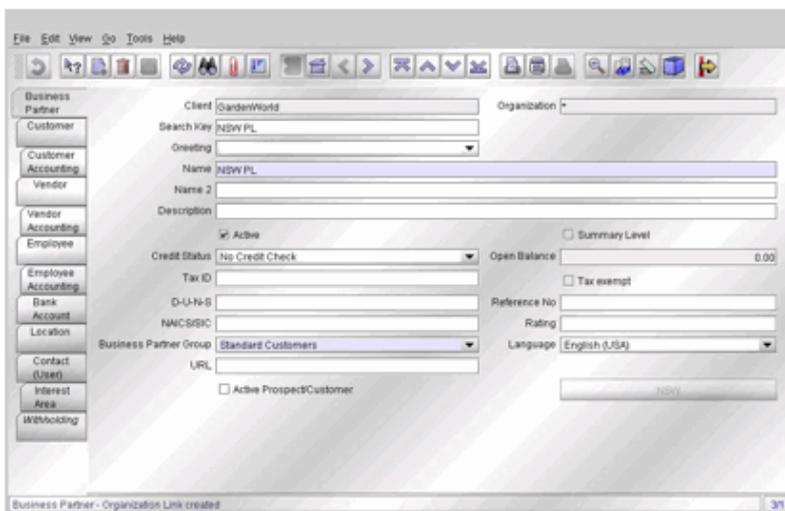
The dialog box has a red 'X' button and a green checkmark button. The background form is partially obscured by the dialog box.

Select the Organisation "NSW" as the Organisation to be linked with this business partner. Note that only one BP 'belonging' to the initiating BP can be directly associated with a particular Organisation so each such BP should be created with the Organisation (top right of screen shot) expressly set; do not create it as Organisation = *.

The BP is effectively another name for the Organisation and enables transactions to occur with that Organisation. If you had a third Organisation, say VIC then that Organisation could have a BP for "sales to NSW" the same as HQ has a BP account for "sales to NSW" but VIC could not have two BP accounts and link them both to the Organisation NSW.

The "Limit Access to Role" constrains what HQ can do in NSW accounts – please read the Adempiere User Documentation on this point.

If the BP is successfully linked to the Organisation then the screen will display as follows.

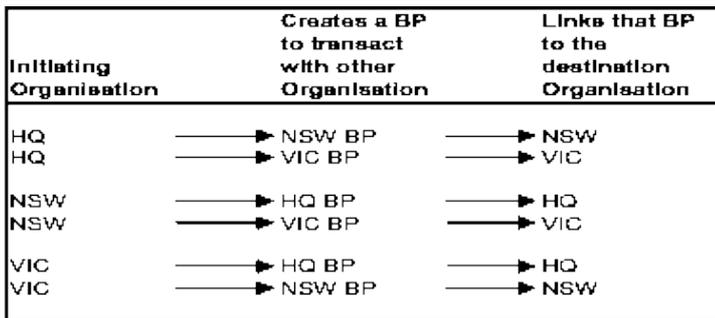


Note that the "Organisation" in the top right of the following screen shot is set to "*" in error!

1.4 Multiple Organisation and BP Linking

If you are contemplating having two-way linked transactions such as ..

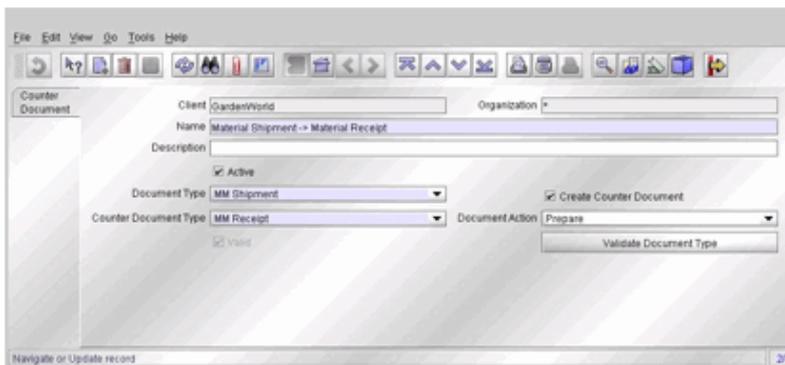
- NSW raises a PO on HQ which creates a Sales Order in HQ, then
- HQ process the Sales Order and creates a Shipment which auto generates a Material Receipt in NSW
- HQ creates a Sales Invoice which then auto generates a Vendor Invoice in NSW
- NSW generates an AP Payment which auto-generates an AR Receipt in HQ then clearly the Organisation HQ must have a BP to **ship-to** and **bill-to** for its sales to NSW.



The graphic below shows what would be required to set up the BP linking between three organisations so that each could deal with the other using Counter Documents.

1.5 Establishing the Counter Document Rules

After setting up the linking of the Organisations via their linked BPs it is necessary to set up the Counter Document rules. This is done from the Counter Documents Window which will look as follows:



Each of MM Shipment and MM Receipt need also to be appropriately set up to allow Counter Documents to function. The following two screens show a series of values that function correctly.

The screenshot shows the 'Document Type' configuration window in Adaxa. The client is 'GardenWorld' and the organization is set to a dropdown. The document name is 'MM Shipment' and the description is blank. The print text is 'Delivery Note'. The document note field is empty. The 'Active' checkbox is checked, and 'Default' is unchecked. The 'OL Category' is 'Material Management' and 'Document Base Type' is 'Material Delivery'. The 'Document is Number Controlled' checkbox is checked, while 'Pick/PA Confirmation' is unchecked. The 'Document Sequence' is 'MM Delivery'. The 'Create Counter Document' checkbox is checked, while 'Ship/Receipt Confirmation' is unchecked. The 'Default Counter Document' checkbox is checked. The 'Print Format' is a dropdown menu, and 'Document Copies' is set to 0. The window title is 'Navigate or Update record'.

This is an identical copy of the screenshot above, showing the same configuration settings for the 'MM Shipment' document type in the Adaxa software.

Note that the Documents are “**Number Controlled**” and set as the “**Default Counter Document**”

1.6 Expected Result

With all the above set as described it should now be possible to create a document such as a Purchase Order in the NSW Organisation on the Vendor HQ and have Adempiere auto-create a Sales Order in the HQ Organisation to the Customer NSW. The other documents should also create their respective counter documents as each part the of the Order – Shipment – Invoice – Payment cycle occurs.

1.7 Enhancements and Issues

When Adempiere Creates a sales invoice in one organisation that document becomes a vendor invoice in another organisation. They are logically the same document and should have the same document number. Presently the system allocates the document number to each document separately and the numbers are different.

A small code modification allows another account element such as Activity to be automatically set in the initiating PO document and then automatically carried through to each related SO, Material Shipment, Material Receipt, Sales Invoice and Vendor Invoice. This allows simple tracking of all documents in the "set" relating to the transaction.

1.8 Errata

Please note that the auto creation of a customer payment as a consequence of a vendor payment is not presently effected by counter documents

2 Adaxa's Offices and Contacts

Information of a general nature about Adaxa and its services can be found at www.adaxa.com or obtained by sending an email to info@adaxa.com with a description of the information that you would like to receive. If you are an existing client and wish to initiate a request for software support please send an email to helpdesk@adaxa.com with as much detail as possible about the nature of your support request.

For all other information please contact the Adaxa office nearest to you.

2.1 Australia

Address: 10 Kylie Place, Melbourne, Victoria, 3192, Australia

Contacts: Office

- 1300 990 120 (Within Australia)
- +613 9510 4788 (Outside of Australia)

2.2 New Zealand

Address: 73 Boston Road, Mt Eden, Auckland, 1023, New Zealand

Contacts: Office

- 0800 232 922 (Within New Zealand)
- +649 9744 600 (Outside of New Zealand)

2.3 United States of America

Address: 4400 NE 77th Ave, Suite 275, Vancouver, WA 98662, USA

Contacts: Office

- +1 760 576 5115