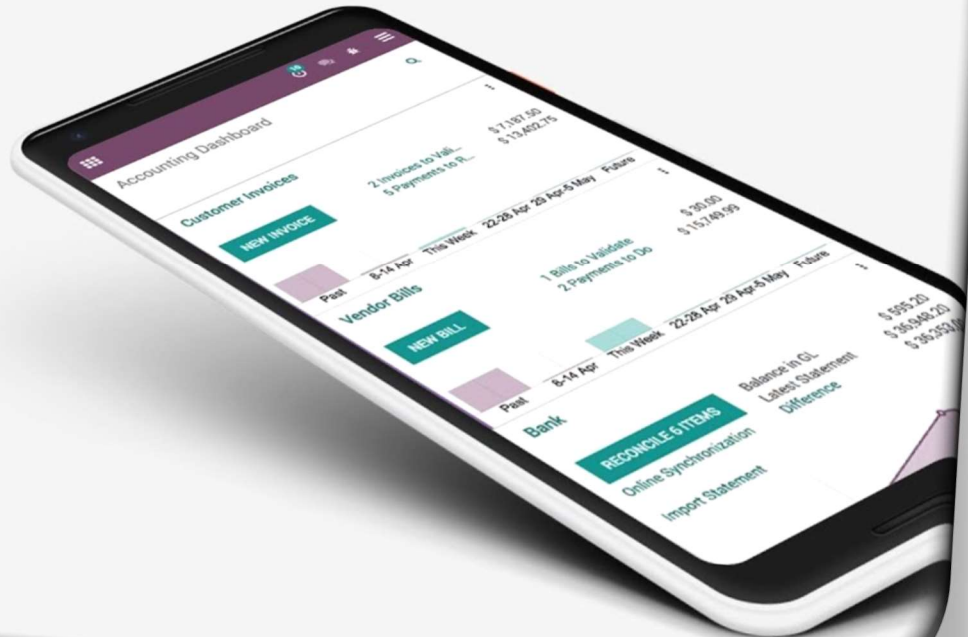# Chart of accounts

The **chart of accounts (COA)** is the list of all the accounts used to record financial transactions in the general ledger of an organization.

The accounts are usually listed in the order of appearance in the financial reports. Most of the time, they are listed as follows :

- Balance Sheet accounts:
  - Assets
  - Liabilities
  - Equity
- Profit & Loss:
  - Income
  - Expense

When browsing your chart of accounts, you can filter the accounts by number, in the left column, and also group them by **Account Type**.

To create a new account, go to **Accounting ‣ Configuration ‣ Chart of Accounts**, click on **Create**, and fill out the form.

Code and name

Each account is identified by its **code** and **name**, which also indicates the account's purpose.

Type

Correctly configuring the **account type** is critical as it serves multiple purposes:

- Information on the account's purpose and behavior
- Generate country-specific legal and financial reports
- Set the rules to close a fiscal year
- Generate opening entries

To configure an account type, open the **Type** field's drop-down selector and select the right type among the following list:

Report	Category	Account Types
Balance Sheet	Assets	Receivable
		Bank and Cash
		Current Assets
		Non-current Assets
		Prepayments
		Fixed Assets
	Liabilities	Payable
		Credit Card
		Current Liabilities
		Non-current Liabilities
	Equity	Equity
		Current Year Earnings
Profit & Loss	Income	Income
		Other Income
	Expense	Expense
		Depreciation
		Cost of Revenue
Other	Other	Off-Balance Sheet

Assets, deferred expenses, and deferred revenues automation

Some **account types** display a new field **to automate** the creation of **assets** entries, **deferred expenses** entries, and **deferred revenues** entries.

You have three choices for the **Automation** field:

1. **No**: this is the default value. Nothing happens.
2. **Create in draft**: whenever a transaction is posted on the account, a draft entry is created, but not validated. You must first fill out the corresponding form.
3. **Create and validate**: you must also select a **model**. Whenever a transaction is posted on the account, an entry is created and immediately validated.

Default taxes

Select a **default tax** that will be applied when this account is chosen for a product sale or purchase.

Tags

Some accounting reports require **tags** to be set on the relevant accounts. By default, you can choose among the tags that are used by the *Cash Flow Statement*.

Account groups

Account groups are useful to list multiple accounts as *sub-accounts* of a bigger account and thus consolidate reports such as the **Trial Balance**. By default, groups are handled automatically based on the code of the group. For example, a new account 131200 is going to be part of the group 131000.

Create account groups manually

To create a new account group, **developer mode** and head to **Accounting app ‣ Configuration ‣ Account Groups**. Here, create a new group and enter the **name, code prefix, and company** to which that group account should be available. Note that you must enter the same code prefix in both **From** and **to** fields.

Name	Expenses	
Code Prefix	From 600000	to 600000
Company	My Company (San Francisco)	

To display your **Trial Balance** report with your account groups, go to **Accounting app‣Reporting‣Trial Balance**, then open the **Options** menu and select **Hierarchy and Subtotals**.

Allow reconciliation

Some accounts, such as accounts made to record the transactions of a payment method, can be used for the reconciliation of journal entries.

For example, an invoice paid with a credit card can be marked as **paid** if reconciled with its payment. Therefore, the account used to record credit card payments needs to be configured as **allowing reconciliation**.

To do so, check the **Allow Reconciliation** box in the account's settings, and save.

Deprecated

It is not possible to delete an account once a transaction has been recorded on it. You can make them unusable by using the **Deprecated** feature.

To do so, check the **Deprecated** box in the account's settings, and save.

From Customer Invoice to Payments Collection

Odoo supports multiple invoicing and payment workflows, so you can choose and use the ones that match your business needs. Whether you want to accept a single payment for a single invoice, or process a payment spanning multiple invoices and taking discounts for early payments, you can do so efficiently and accurately.

From Draft Invoice to Profit and Loss

If we pick up at the end of a typical 'order to cash' scenario, after the goods have been shipped, you will: issue an invoice; receive payment; deposit that payment at the bank; make sure the Customer Invoice is closed; follow up if Customers are late; and finally present your Income on the Profit and Loss report and show the decrease in Assets on the Balance Sheet report.

Invoicing in most countries occurs when a contractual obligation is met. If you ship a box to a customer, you have met the terms of the contract and can bill them. If your supplier sends you a shipment, they have met the terms of that contract and can bill you. Therefore, the terms of the contract is fulfilled when the box moves to or from the truck. At this point, Odoo supports the creation of what is called a Draft Invoice by Warehouse staff.

Invoice creation

Draft invoices can be manually generated from other documents such as Sales Orders, Purchase Orders,etc. Although you can create a draft invoice directly if you would like.

An invoice must be provided to the customer with the necessary information in order for them to pay for the goods and services ordered and delivered. It must also include other information needed to pay the invoice in a timely and precise manner.

Draft invoices

The system generates invoice which are initially set to the Draft state. While these invoices

remain unvalidated, they have no accounting impact within the system. There is nothing to stop users from creating their own draft invoices.

Let's create a customer invoice with following information:

- Customer: Agrolait
- Product: iMac
- Quantity: 1
- Unit Price: 100
- Taxes: Tax 15%

Invoicing	Dashboard Sales Purchases Adviser Reporting Configuration					✉

Customer Invoices / Invoice

EDIT   CREATE   Print ▾   More ▾   1 / 1 ‹ ›

VALIDATE   CANCEL INVOICE   ⌖   DRAFT   OPEN   PAID

Draft Invoice

Customer	Agrolait	**Invoice Date**	07/09/2015
	69 rue de Namur	**Salesperson**	Administrator
	1300 Wavre	**Currency**	USD
	Belgium		
Payment Term	30 Net Days		

INVOICE LINES   OTHER INFO

Product	Description	Account	Quantity	Unit Price	Taxes	Amount
[A1090] iMac	[A1090] iMac	200000 Product Sales	1.000	$ 100.00	Tax 15.00%	$ 100.00

The document is composed of three parts:

- the top of the invoice, with customer information,
- the main body of the invoice, with detailed invoice lines,
- the bottom of the page, with detail about the taxes, and the totals.

Open or Pro-forma invoices

An invoice will usually include the quantity and the price of goods and/or services, the date, any parties involved, the unique invoice number, and any tax information.

"Validate" the invoice when you are ready to approve it. The invoice then moves from the Draft state to the Open state.

When you have validated an invoice, Odoo gives it a unique number from a defined, and modifiable, sequence.

Accounting entries corresponding to this invoice are automatically generated when you validate the invoice. You can see the details by clicking on the entry in the Journal Entry field in the "Other Info" tab.

Send the invoice to customer

After validating the customer invoice, you can directly send it to the customer via the 'Send by email' functionality.

Account	Partner	Due date	Debit	Credit
Accounts Receivable	Agrolait	01/07/2015	115	
Taxes	Agrolait			15

Account	Partner	Due date	Debit	Credit
Sales				100

A typical journal entry generated from a validated invoice will look like as follows:

Payment

In Odoo, an invoice is considered to be paid when the associated accounting entry has been reconciled with the payment entries. If there has not been a reconciliation, the invoice will remain in the Open state until you have entered the payment.

A typical journal entry generated from a payment will look like as follows:

Account	Partner	Due date	Debit	Credit
Bank	Agrolait		115	
Accounts Receivable	Agrolait			115

Receive a partial payment through the bank statement

You can manually enter your bank statements in Odoo, or you can import them in from a csv file or from several other predefined formats according to your accounting localisation.

Create a bank statement from the accounting dashboard with the related journal and enter an amount of $100.

Reconcile

Now let's reconcile!

You can now go through every transaction and reconcile them or you can mass reconcile with instructions at the bottom.

After reconciling the items in the sheet, the related invoice will now display "You have outstanding payments for this customer. You can reconcile them to pay this invoice. "

Apply the payment. Below, you can see that the payment has been added to the invoice.

Payment Followup

There's a growing trend of customers paying bills later and later. Therefore, collectors must make every effort to collect money and collect it faster.

Odoo will help you define your follow-up strategy. To remind customers to pay their outstanding invoices, you can define different actions depending on how severely overdue the customer is. These actions are bundled into follow-up levels that are triggered when the due date of an invoice has passed a certain number of days. If there are other overdue invoices for the same customer, the actions of the most overdue invoice will be executed.

By going to the customer record and diving into the "Overdue Payments" you will see the follow-up message and all overdue invoices.

Agrolait

📞 +32 10 588 558

✉️ agrolait@yourcompany.example.com

PRINT LETTER	SEND BY EMAIL	LOG A NOTE	DO IT LATER		Next Reminder:	Auto	MANUAL

Dear Sir/Madam,

Our records indicate that some payments on your account are still due. Please find details below.
If the amount has already been paid, please disregard this notice. Otherwise, please forward us the total amount stated below.
If you have any queries regarding your account, Please contact us.

Thank you in advance for your cooperation.
Best Regards,

Reference number	Date	Due Date	Communication	Expected Date	Excluded	Total Due
INV/2015/0001 ▾	2015-09-01	2015-09-16			☐	$ 15.00
					Total Due	**$ 15.00**
					Total Overdue	**$ 15.00**

Customer aging report:

The customer aging report will be an additional key tool for the collector to understand the customer credit issues, and to prioritize their work.

Use the aging report to determine which customers are overdue and begin your collection efforts.

Aged Receivable

YourCompany

Click to add an introductory explanation

	Non-issued	(From 01 Sep 2015 to 30 Sep 2015)	30 - 60 days ago	60 - 90 days ago	90 - 120 days ago	Older	Total
Aged Receivable	$ 0.00	$ 15.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 15.00
Agrolait	$ 0.00	$ 15.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 15.00
Total Aged Receivable	$ 0.00	$ 15.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 15.00

Profit and loss

The Profit and Loss statement displays your revenue and expense details. Ultimately, this gives you a clear image of your Net Profit and Loss. It is sometimes referred to as the "Income Statement" or "Statement of Revenues and Expenses."

Profit and Loss

YourCompany

Click to add an introductory explanation

	Jul 2015
GROSS PROFIT	
▸ Income	$ 100.00
Cost of Revenue	$ 0.00
Total GROSS PROFIT	**$ 100.00**
Expenses	
Expenses	$ 0.00
Depreciation	$ 0.00
Total Expenses	**$ 0.00**
NET PROFIT	**$ 100.00**

Balance sheet

The balance sheet summarizes your company's liabilities, assets and equity at a specific moment in time.

Balance Sheet

YourCompany

Click to add an introductory explanation

	(as of 13 Jul 2015)
Current Assets	
▸ Receivables	$ 15.00
Current Assets	$ 0.00
Prepayments	$ 0.00
Total Current Assets	**$ 15.00**
▸ Plus Bank and Cash Accounts	$ 100.00
Plus Fixed Assets	$ 0.00
Plus Non-current Assets	$ 0.00
ASSETS	**$ 115.00**

▸ Current Liabilities		$ 15.00
Non-current Liabilities		$ 0.00
LIABILITIES		**$ 15.00**
CURRENT YEAR EARNINGS		$ 100.00
RETAINED EARNINGS		$ 0.00
EQUITY		**$ 100.00**

For example, if you manage your inventory using the perpetual accounting method, you should expect a decrease in account "Current Assets" once the material has been shipped to the customer.

From Vendor Bill to Payment

Once vendor bills are registered in Odoo, you can easily pay vendors for the correct amount and at the right time (not too late, not too early; depending on your vendor policy). Odoo also offers reports to track your aged payable balances.

If you want to control vendor bills received from your vendors, you can use the Odoo Purchase application that allows you to control and pre-complete them automatically based on past purchase orders.

From Vendor Bill to Payment

Record a new vendor bill

When a vendor bill is received, you can record it from **Purchases ‣ Vendor Bills** in the Accounting application. As a shortcut, you can also use the **New Bill** feature on the accounting dashboard.

To register a new vendor bill, start by selecting a vendor and inputting their invoice as the **Vendor Reference**, then add and confirm the product lines, making sure to have the right product quantities, taxes and prices.

Save the invoice to update the pre tax and tax amounts at the bottom of the screen. You will most likely need to configure the prices of your products without taxes as Odoo will compute the tax for you.

Validate The Vendor Bill

Once the vendor bill is validated, a journal entry will be generated based on the configuration on the invoice. This journal entry may differ depending on the the accounting package you choose to use.

For most European countries, the journal entry will use the following accounts:

- **Accounts Payable:** defined on the vendor form
- **Taxes:** defined on the products and per line
- **Expenses:** defined on the line item product used

For Anglo-Saxon (US) accounting, the journal entry will use the following accounts:

- **Accounts Payable:** defined on the vendor form
- **Taxes:** defined on the products and per line
- **Goods Received:** defined on the product form

You can check your Profit & Loss or the Balance Sheet reports after having validated a couple of vendor bills to see the impact on your general ledger.

Pay a bill

To create a payment for an open vendor bill directly, you can click on **Register a Payment** at the top of the form.

From there, you select the payment method (i.e. Checking account, credit card, check, etc…) and the amount you wish to pay. By default, Odoo will propose the entire remaining balance on the bill for payment. In the memo field, we recommend you set the vendor invoice number as a reference (Odoo will auto fill this field from the from the vendor bill if set it correctly).

Printing vendor Checks

If you choose to pay your vendor bills by check, Odoo offers a method to do so directly from your vendor payments within Odoo. Whether you do so on a daily basis or prefer to do so at the end of the week, you can print in checks in batches.

If you have checks to print, Odoo's accounting dashboard acts as a to do list and reminds you of how many checks you have left to be printed.
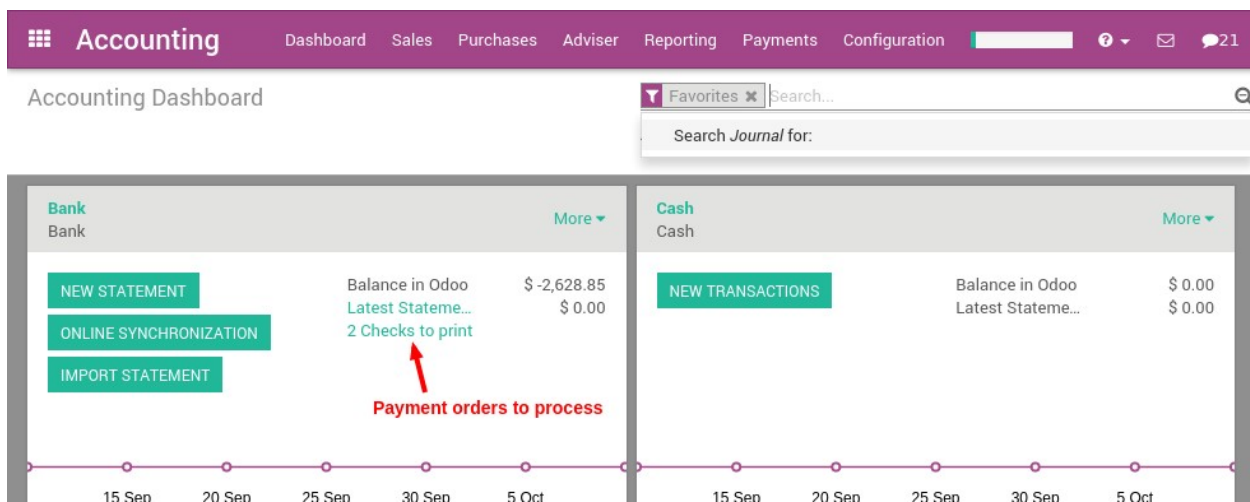
By selecting the amount of checks to be printed, you can dive right into a list of all payments that are ready to be processed.

Select all the checks you wish to print (use the first checkbox to select them all) and set the action to **Print Checks**. Odoo will ask you to set the next check number in the sequence and will then print all the checks at once.

Reporting

Aged payable balance

In order to get a list of open vendor bills and their related due dates, you can use the **Aged Payable** report, under the reporting menu, (in **Reporting ▸ Business Statement ▸ Aged payable**) to get a visual of all of your outstanding bills.

From here, you can click directly on a vendors name to open up the details of all outstanding bills and the amounts due, or you can annotate any line for managements information. At any point in time while you're looking through the report, you can print directly to Excel or PDF and get exactly what you see on the screen.

Invoicing processes

Depending on your business and the application you use, there are different ways to automate the customer invoice creation in Odoo. Usually, draft invoices are created by the system (with information coming from other documents like sales order or contracts) and accountant just have to validate draft invoices and send the invoices in batch (by regular mail or email).

Depending on your business, you may opt for one of the following way to create draft invoices:

Sales

Sales Order ‣ Invoice

In most companies, salespeople create quotations that become sales order once they are validated. Then, draft invoices are created based on the sales order. You have different options like:

- Invoice manually: use a button on the sale order to trigger the draft invoice
- Invoice before delivery: invoice the full order before triggering the delivery order
- Invoice based on delivery order: see next section

Invoice before delivery is usually used by the eCommerce application when the customer pays at the order and we deliver afterwards. (pre-paid)

For most other use cases, it's recommended to invoice manually. It allows the salesperson to trigger the invoice on demand with options: invoice the whole order, invoice a percentage (advance), invoice some lines, invoice a fixed advance.

This process is good for both services and physical products.

See also

- **Send a pro-forma invoice**

Sales Order ‣ Delivery Order ‣ Invoice

Retailers and eCommerce usually invoice based on delivery orders, instead of sales order. This approach is suitable for businesses where the quantities you deliver may differs from the ordered quantities: foods (invoice based on actual Kg).

This way, if you deliver a partial order, you only invoice for what you really delivered. If you do back orders (deliver partially and the rest later), the customer will receive two invoices, one for each delivery order.

eCommerce Order ‣ Invoice

An eCommerce order will also trigger the creation of the order when it is fully paid. If you allow paying orders by check or wire transfer, Odoo only creates an order and the invoice will be triggered once the payment is received.

Contracts

Regular Contracts ‣ Invoices

If you use contracts, you can trigger invoice based on time and material spent, expenses or fixed lines of services/products. Every month, the salesperson will trigger invoice based on activities on the contract.

Activities can be:

- fixed products/services, coming from a sale order linked to this contract
- materials purchased (that you will re-invoice)
- time and material based on timesheets or purchases (subcontracting)
- expenses like travel and accommodation that you re-invoice to the customer

You can invoice at the end of the contract or trigger intermediate invoices. This approach is used by services companies that invoice mostly based on time and material. For services companies that invoice on fix price, they use a regular sales order.

Recurring Contracts ‣ Invoices

For subscriptions, an invoice is triggered periodically, automatically. The frequency of the invoicing and the services/products invoiced are defined on the contract.

Others

Creating an invoice manually

Users can also create invoices manually without using contracts or a sales order. It's a recommended approach if you do not need to manage the sales process (quotations), or the delivery of the products or services.

Even if you generate the invoice from a sales order, you may need to create invoices manually in exceptional use cases:

- if you need to create a refund
- If you need to give a discount
- if you need to change an invoice created from a sales order

- if you need to invoice something not related to your core business

Specific modules

Some specific modules are also able to generate draft invoices:

- **membership**: invoice your members every year
- **repairs**: invoice your after-sale services

Resequencing of the invoices

It remains possible to resequence the invoices but with some restrictions:

1. The feature does not work when entries are previous to a lock date.
2. The feature does not work if the sequence is inconsistent with the month of the entry.
3. It does not work if the sequence leads to a duplicate.
4. The order of the invoice remains unchanged.
5. It is useful for people who use a numbering from another software and who want to continue the current year without starting over from the beginning.

Invoice digitization with optical character recognition (OCR)

Invoice digitization is the process of automatically encoding traditional paper invoices into invoices forms in your accounting.

Odoo uses OCR and artificial intelligence technologies to recognize the content of the documents. Vendor bills and customer invoices forms are automatically created and populated based on scanned invoices.

Payment terms and installment plans

Payment Terms specify all the conditions under which a sale is paid, mostly to ensure customers pay their invoices correctly and on time.

Payment Terms can be applied to sales orders, customer invoices, supplier bills, and contacts. These conditions cover:

- The due date
- Some discounts
- Any other condition on the payment

Defining Payment Terms automatically calculates the payments' due dates. This is particularly helpful for managing installment plans.

An **installment plan** allows the customers to pay an invoice in parts, with the amounts and payment dates defined beforehand by the seller.

Examples of Payment Terms:

- **Immediate Payment**

  The full payment is due on the day of the invoice's issuance.

- **15 Days** (or **Net 15**)

  The full payment is due 15 days after the invoice date.

- **21 MFI**

  The full payment is due by the 21st of the month following the invoice date.

- **2% 10, Net 30 EOM**

  2% **cash discount** if the payment is received within ten days. Otherwise, the full payment is due at the end of the month following the invoice date.

Configuration

Go to **Accounting ▸ Configuration ▸ Payment Terms** and click on *Create*.

The **Description on the Invoice** is the text displayed on the document (sale order, invoice, etc.).

In the **Terms** section, you can add a set of rules, called *terms*, to define what needs to be paid and by which due date.

To add a term, click on *Add a line*, and define its *Type*, *Value*, and *Due Date Computation*.

Using Payment Terms

Payment Terms can be defined in the **Due Date** field, with the **Terms** drop-down list, on:

- **Quotations**

  To set specific payment terms automatically on all invoices generated from a quotation.

- **Customer Invoices**

  To set specific payment terms on an invoice.

- **Vendor Bills**

  To set specific payment terms on a bill. This is mostly useful when you need to manage vendor terms with several installments. Otherwise, setting the *Due Date* is enough.

Payment Terms can be defined with the **Payment Terms** field on:

- **Contacts**

  To set specific payment terms automatically on new sales orders, invoices, and bills of a contact. This can be modified in the contact's *Form View*, under the *Sales & Purchase* tab.

Journal Entries

Invoices with specific Payment Terms generate different *Journal Entries*, with one *Journal Item* for every computed *Due Date*.

This makes for easier *Follow-ups* and *Reconciliation* since Odoo takes each due date into account, rather than just the balance due date. It also helps to get an accurate *Aged Receivable report*.

Customer Invoice

INV/2021/02/0001

Customer	Ready Mat	Invoice Date	02/21/2021
	7500 W Linne Road	Due Date	30% Advance End of Following Month
	Tracy CA 95304	Journal	Customer Invoices
	United States		
Payment Reference	INV/2021/02/0001		

Invoice Lines	Journal Items	Other Info

Account	Label	Due Date	Debit	Credit	⋮
121000 Account Receivable	INV/2021/02/0001	02/21/2021	$ 300.00	$ 0.00	
121000 Account Receivable	INV/2021/02/0001	03/31/2021	$ 700.00	$ 0.00	
400000 Product Sales	Acoustic Bloc Screens		$ 0.00	$ 1,000.00	📅Cut-Off
			1,000.00	1,000.00	

In this example, an invoice of $1000 has been issued with the following payment terms: *30% is due on the day of issuance, and the balance is due at the end of the following month.*

Account	Due date	Debit	Credit
Account Receivable	February 21	300	
Account Receivable	March 31	700	
Product Sales			1000

The $1000 debited on the Account Receivable is split into two distinct *Journal Items*. Both of them have their own **Due Date**.

Credit notes and refunds

A **credit note**, or **credit memo**, is a document issued to a customer that notifies them that they have been credited a certain amount.

There are several reasons that can lead to a credit note, such as:
- a mistake in the invoice
- a return of the goods, or a rejection of the services
- the goods delivered are damaged

Note

Issuing a credit note is the only legal way to cancel, refund or modify a validated invoice. Don't forget to *register the payment* afterward if you need to send money back to your customer.

Issue a Credit Note

You can create a credit note from scratch by going to **Accounting ‣ Customers ‣ Credit Notes**, and by clicking on *Create*. Filling the Credit Note's form works the same way as the Invoice's form.

However, most of the time, credit notes are generated directly from the invoices they are related to.

To do so, open the *Customer Invoice*, and click on *Add Credit Note*.

SEND & PRINT   REGISTER PAYMENT   PREVIEW   ADD CREDIT NOTE   RESET TO DRAFT

You can choose between three options:
- Partial Refund
- Full Refund
- Full refund and new draft invoice

Partial Refund

Odoo creates a draft credit note already prefilled with all the necessary information from the original invoice.

This is the option to choose to do a partial refund, or if you want to modify any detail on the credit note.

Full Refund

Odoo creates a credit note, automatically validates it, and reconciles the original invoice with it.

This is the option to choose to do a full refund or cancel a validated invoice.

Full refund and new draft invoice

Odoo creates a credit note, automatically validates it, reconciles the original invoice with it, and open a new draft invoice prefilled with the same details from the original invoice.

This is the option to choose to modify the content of a validated invoice.

Record a Vendor Refund

Vendor Refunds are recorded the same way you would do with invoices' credit notes:

You can either create a credit note from scratch by going to **Accounting ▸ Vendors ▸ Refund**, and by clicking on *Create*, or by opening the validated *Vendor Bill*, and clicking on *Add Credit Note*.

Journal Entries

Issuing a credit note from an invoice creates a **reverse entry** that zeroes out the journal items generated by the original invoice.

Here is an example of an invoice's journal entry:

Account	Label	Debit	Credit
121000 Account Receivable	INV/2019/0011	$ 79.00	$ 0.00
400000 Product Sales	[E-COM08] Storage Box	$ 0.00	$ 79.00

And here is the credit note's journal entry generated to reverse the original invoice above:

Account	Label	Debit	Credit
121000 Account Receivable		$ 0.00	$ 79.00
400000 Product Sales	[E-COM08] Storage Box	$ 79.00	$ 0.00

Different ways to record a payment

In Odoo, payments can either be linked automatically to an invoice or bill or be stand-alone records for use at a later date.

If a payment is **linked to an invoice or bill**, it reduces the amount due of the invoice. You can have multiple payments related to the same invoice.

If a payment is **not linked to an invoice or bill**, the customer has an outstanding credit with your company, or your company has an outstanding debit with a vendor. You can use those outstanding amounts to reduce unpaid invoices/bills.

Registering payment from an invoice or bill

When clicking on **Register payment** in a customer invoice or vendor bill, it generates a new journal entry and changes the amount due according to the amount of the payment. The counterpart is reflected in an outstanding receipts or payments account. At this point, the customer invoice or vendor bill is marked as **In payment**. Then, when the outstanding account is reconciled with a bank statement line, the invoice or vendor bill changes to the **Paid** status.

The information icon near the payment line displays more information about the payment. You can access additional information, such as the related journal, by clicking on **View**.

Registering payments not tied to an invoice or bill

When a new payment is registered via the menu **Customers / Vendors ‣ Payments**, it is not directly linked to an invoice or bill. Instead, the account receivable or the account payable are matched with the outstanding account until they are manually matched with their related invoice or bill.

Matching invoices and bills with payments

A blue banner appears when you validate a new invoice or bill and there is an outstanding payment for this specific customer or vendor. It can easily be matched from the invoice or the bill by clicking on **ADD** under **Outstanding Credits** or **Outstanding Debits**.

The invoice or bill is now marked as **In payment** until it is reconciled with the bank statement.

Follow-up on invoices

A follow-up message can be sent to customers when a payment is overdue. Odoo helps you identify late payments and allows you to schedule and send the appropriate reminders, using **follow-up actions** that trigger automatically one or more actions according to the number of overdue days. You can send your follow-ups via different means such as email, post, or SMS.

Configuration

To configure a **Follow-Up Action**, go to **Accounting ▸ Configuration ▸ Follow-up Levels**. Several follow-up actions are available by default, and you can customize them any way you want or create new ones to trigger the following actions:

- Send an Email
- **Send an SMS Message**
- Print a Letter
- **Send a Letter**
- Manual Action (creates a task)

It is also possible to automatically send a reminder by enabling the **Auto Execute** option, within a specific **Follow-Up Action**.

Follow-up reports

The overdue invoices you need to follow up on are available in **Accounting ▸ Customers ▸ Follow-up Reports**. From there, you can identify all the customers that have late unpaid invoices.

When you open a customer, you see all their unpaid invoices (overdue or not). The due dates of the late invoices appear in red. Select the invoices that are not late yet in the **Excluded** column to exclude them from the reminder you send.

It is up to you to decide how to remind your customer. You can select **Print Letter**, **Send By Email**, **Send By Post**, **Send By SMS**. Then, click on **Done** to view the next follow-up that needs your attention.

Manage vendor bills

The **Purchase** application allows you to manage your purchase orders, incoming products, and vendor bills all seamlessly in one place.

If you want to set up a vendor bill control process, the first thing you need to do is to have purchase data in Odoo. Knowing what has been purchased and received is the first step towards understanding your purchase management processes.

Here is the standard work flow in Odoo:

1. You begin with a **Request for Quotation (RFQ)** to send out to your vendor(s).
2. Once the vendor has accepted the RFQ, confirm the RFQ into a **Purchase Order (PO)**.
3. Confirming the PO generates an **Incoming Shipment** if you purchased any stockable products.
4. Upon receiving a **Vendor Bill** from your Vendor, validate the bill with products received in the previous step to ensure accuracy.

This process may be done by three different people within the company, or only one.

Configuration

Installing the Purchase and Inventory applications

From the **Apps** application, search for the **Purchase** module and install it. Due to certain dependencies, installing Purchase will automatically install the **Inventory** and **Accounting** applications.

Creating products

Creating products in Odoo is essential for quick and efficient purchasing within Odoo. Simply navigate to the Products submenu under Purchase and click create.

Products				Can be Purchased ✖ Search...	⊕

CREATE   1-40 / 63 ‹ › ⊞ ☰

[RJ45] 30m RJ45 wire	[SIW162] 8-port Switch	[A8767] Apple In-Ear Headphones
Price: $250.00	Price: $600.00	Price: $79.00
		On hand: 18.000 Unit(s)
		Forecasted: 18.000 Unit(s)
[AK789] Apple Wireless Keyboard	[BASICCOMP] Basic Computer	[CD] Blank CD
Price: $47.00	Price: $23,500.00	Price: $20.00
On hand: 22.000 Unit(s)		On hand: 0.000 Dozen(s)
Forecasted: 22.000 Unit(s)		Forecasted: 0.000 Dozen(s)
[DVD] Blank DVD-RW	[B3423] Bose Mini Bluetooth Speaker	[C-Case] Computer Case
Price: $24.00	Price: $247.00	Price: $25.00
On hand: 0.000 Dozen(s)	On hand: 8.000 Unit(s)	On hand: 0.000 Unit(s)
Forecasted: 0.000 Dozen(s)	Forecasted: 8.000 Unit(s)	Forecasted: 0.000 Unit(s)

When creating the product, pay attention to the **Product Type** field, since it is important:

- Products that are set as **Stockable or Consumable** will allow you to keep track of their inventory levels. These options imply stock management and will allow for receiving these kinds of products.
- Conversely, products that are set as a **Service or Digital Product** will not imply stock management, simply due to the fact that there is no inventory to manage. You will not be able to receive products under either of these designations.

Tip

It is recommended that you create a **Miscellaneous** product for all purchases that occur infrequently and do not require inventory valuation or management. If you create such a product, it is recommended to set the product type to **Service**.

Managing your Vendor Bills

Purchasing products or services

From the purchase application, you can create a purchase order with as many products as you need. If the vendor sends you a confirmation or quotation for an order, you may record the order reference number in the **Vendor Reference** field. This will enable you to easily match the PO with the the vendor bill later (as the vendor bill will probably include the Vendor Reference)
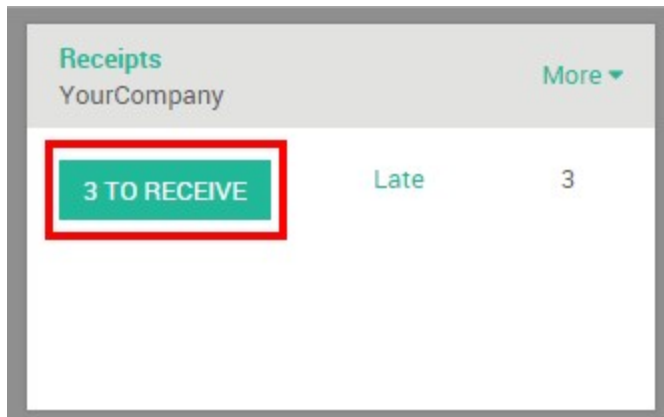

Validate the purchase order and receive the products from the Inventory application.

Receiving Products

If you purchased any stockable products that you manage the inventory of, you will need to receive the products from the Inventory application after you confirm a purchase order. From

the **Inventory dashboard**, you should see a button linking you directly to the transfer of products. This button is outlined in red below:

Navigating this route will take you to a list of all orders waiting to be received.

If you have a lot of awaiting orders, apply a filter using the search bar in the upper right. With this search bar, you may filter based on the vendor (partner), the product, or the source document (also known as the reference of your purchase order). You can also group the orders by different criteria under **Group By**. Selecting an item from this list will open the following screen where you then will receive the products.

Purchasing service products does not trigger a delivery order.

Managing Vendor Bills

When you receive a vendor bill for a previous purchase, be sure to record it in the Purchases application under the **Control Menu**. You need to create a new vendor bill even if you already registered a purchase order.
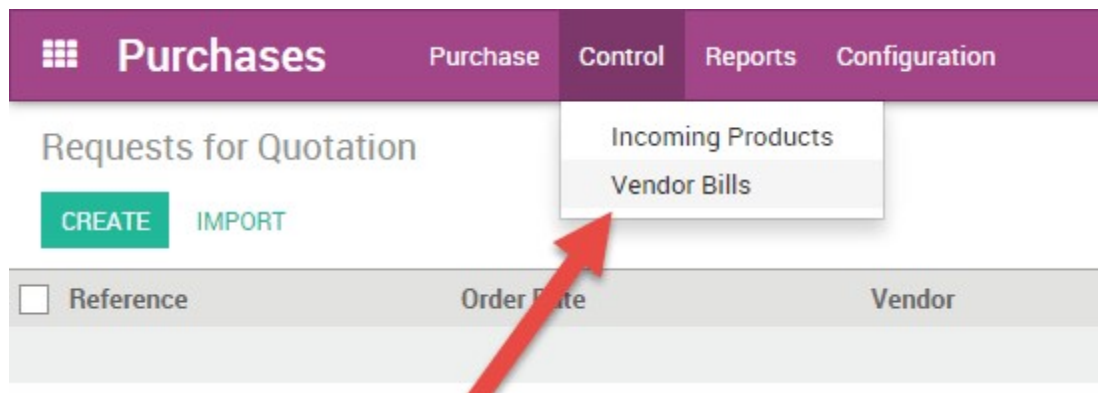
The first thing you will need to do upon creating a vendor bill is to select the appropriate vendor, since doing so will also pull up any associated accounting or pricelist information. From there, you can choose to specify one or multiple Purchase Orders to populate the Vendor Bill with. When you select a Purchase Order from the list, Odoo will pull any uninvoiced products associated to that Purchase Order and automatically populate that information below. If you are having a hard time finding the appropriate vendor bill, you may search through the list by inputting the vendor reference number or your internal purchase order number.

aa

While the invoice is in a draft state, you can make any modifications you need (i.e. remove or add product lines, modify quantities, and change prices).

Every time you record a new vendor bill, Odoo will automatically populate the product quantities based on what has been received from the vendor. If this value is showing a zero, this means that you have not yet received this product and simply serves as a reminder that the

product is not in hand and you may need to inquire further into this. At any point in time, before you validate the Vendor Bill, you may override this zero quantity.

Vendor Bill Matching

What to do if your vendor bill does not match what you received

If the bill you receive from the vendor has quantities that do not match the quantities automatically populated by Odoo, this could be due to several reasons:

- The vendor is incorrectly charging you for products and/or services that you have not ordered.
- The vendor is billing you for products that you might not have received yet, as the invoicing control may be based on ordered or received quantities.
- The vendor did not bill you for previously purchased products.

In these instances it is recommended that you verify that the bill, and any associated purchase order to the vendor, are accurate and that you understand what you have ordered and what you have already received.

If you are unable to find a purchase order related to a vendor bill, this could be due to one of a few reasons:

- The vendor has already invoiced you for this purchase order; therefore it is not going to appear anywhere in the selection.
- Someone in the company forgot to record a purchase order for this vendor.
- The vendor is charging you for something you did not order.

How product quantities are managed

By default, services are managed based on ordered quantities, while stockables and consumables are managed based on received quantities.

If you need to manage products based on ordered quantities over received quantities, you will need to belong to the group **Purchase Manager**. Ask your system administrator to enable these access on **Settings ‣ Users ‣ Users ‣ Access Rights**. Once you belong to the correct group, select the product(s) you wish to modify, and you should see a new field appear, labeled **Control Purchase Bills**.

Purchase receipts

Purchase Receipts are not invoices but rather confirmations of received payments, such as a ticket or a receipt.

This feature is meant to be used when you pay directly with your company's money for an expense. **Vendor Bills**, on the other hand, are recorded when an invoice is issued to you and that the amount is first credited on a debt account before a later payment reconciliation.

Register a receipt

To record a new receipt, go to **Accounting ‣ Vendors ‣ Receipts**, click on *Create*, fill out the form, and click on *Post*.

You can register the payment by clicking on *Register Payment*, then filling out the payment's details, and clicking on *Validate*.

Edit the Journal Entry before posting it

Once you have filled out the *Invoice Lines* tab, you can modify the **Journal Entry** before you post it.

To do so, click on the **Journal Items** tab, change the accounts and values according to your needs, and click on *Post*.

You can then change the default management method for the selected product to be based on either:

- Ordered quantities
- or Received quantities

Batch Billing

When creating a vendor bill and selecting the appropriate purchase order, you may continue to select additional purchase orders. Odoo will add the additional line items from the purchase orders you select. If you have not deleted the previous line items from the first purchase order, the bill will be linked to all the appropriate purchase orders.

Non-current assets and fixed assets

Non-current Assets, also known as **long-term assets**, are investments that are expected to be realized after one year. They are capitalized rather than being expensed and appear on the company's balance sheet. Depending on their nature, they may undergo **depreciation**.

Fixed Assets are a type of Non-current Assets and include the properties bought for their productive aspects, such as buildings, vehicles, equipment, land, and software.

For example, let's say we buy a car for $ 27,000. We plan to amortize it over five years, and we will sell it for $ 7,000 afterward. Using the linear, or straight-line, depreciation method, $ 4,000 are expensed each year as **depreciation expenses**. After five years, the **Accumulated Depreciation** amount reported on the balance sheet equals $ 20,000, leaving us with $ 7,000 of **Not Depreciable Value**, or Salvage value.

Odoo Accounting handles depreciation by creating all depreciation entries automatically in *draft mode*. They are then posted periodically.

Odoo supports the following **Depreciation Methods**:

- Straight Line
- Declining
- Declining Then Straight Line

> **Note**
>
> The server checks once a day if an entry must be posted. It might then take up to 24 hours before you see a change from *draft* to *posted*.

Prerequisites

Such transactions must be posted on an **Assets Account** rather than on the default expense account.

Configure an Assets Account

To configure your account in the **Chart of Accounts**, go to **Accounting ‣ Configuration ‣ Chart of Accounts**, click on *Create*, and fill out the form.

Code	153000
Name	Vehicles
Type	Fixed Assets
Automate Asset	● No
	○ Create in draft
	○ Create and validate

> **Note**
>
> This account's type must be either *Fixed Assets* or *Non-current Assets*.

Post an expense to the right account

Select the account on a draft bill

On a draft bill, select the right account for all the assets you are buying.

Invoice Lines	Journal Items	Other Info						
Product	**Label**	**Account**	**Quantity**	**Price**	**Taxes**		**Subtotal**	
DeLorean DMC-12 ▾	DeLorean DMC-12	153000 Vehicles ▾	1.000	27,000.00	(Tax 15.00% ✖)		27,000.00 🗑
		153000 Vehicles					
Add a line Add a section Add a note		Create and Edit...					

Choose a different Expense Account for specific products

Start editing the product, go to the *Accounting* tab, select the right **Expense Account**, and save.

General Information	Variants	Sales	Purchase	Accounting

Receivables

Income Account ▾

Payables

Expense Account   153000 Vehicles ▾ ☑

> **Tip**
>
> It is possible to **automate the creation of assets entries** for these products.

Change the account of a posted journal item

To do so, open your Purchases Journal by going to **Accounting ‣ Accounting ‣ Purchases**, select the journal item you want to modify, click on the account, and select the right one.

▾ **02/03/2020**, BILL/2020/0002 - The Jackson Group

☐ 211000 Account Payable

☐ 131000 Tax Paid   Tax 15.00%

☑ 153000 Vehicles   ▾   DeLorean DMC-12

          153000 Vehicles

▾ 09,   18/0057) - Azure Interior

Assets entries

Create a new entry

An **Asset entry** automatically generates all journal entries in *draft mode*. They are then posted one by one at the right time.

To create a new entry, go to **Accounting ‣ Accounting ‣ Assets**, click on *Create*, and fill out the form.

Click on **select related purchases** to link an existing journal item to this new entry. Some fields are then automatically filled out, and the journal item is now listed under the **Related Purchase** tab.

Asset Name

DeLorean DMC-12

Asset Values			Current Values	
Original Value	$27,000.00		Not Depreciable Value	$7,000.00
Acquisition Date	12/10/2019		Depreciable Value	$ 20,000.00
			Book Value	$ 27,000.00

Depreciation Method			Accounting	
Method	● Linear ○ Degressive ○ Accelerated Degressive		Fixed Asset Account	153000 Vehicles
Duration	5 Years		Depreciation Account	163000 Vehicles Depreciation
Prorata Temporis	☑ Prorata Date 12/10/2019		Expense Account	635500 Vehicles Depreciation Expenses
First Depreciation Date	12/31/2019		Journal	Miscellaneous Operations (USD)

Once done, you can click on *Compute Depreciation* (next to the *Confirm* button) to generate all the values of the **Depreciation Board**. This board shows you all the entries that Odoo will post to depreciate your asset, and at which date.

Depreciation Board					
Reference	Depreciation Date ▼	Depreciation	Cumulative Depreciation	Depreciable Value	Journal Entry
DeLorean DMC-12 (prorata entry)	12/31/2019	$ 241.10	$ 241.10	$ 19,758.90	/
DeLorean DMC-12 (1/5)	12/31/2020	$ 4,000.00	$ 4,241.10	$ 15,758.90	/
DeLorean DMC-12 (2/5)	12/31/2021	$ 4,000.00	$ 8,241.10	$ 11,758.90	/
DeLorean DMC-12 (3/5)	12/31/2022	$ 4,000.00	$ 12,241.10	$ 7,758.90	/
DeLorean DMC-12 (4/5)	12/31/2023	$ 4,000.00	$ 16,241.10	$ 3,758.90	/
DeLorean DMC-12 (5/5)	12/31/2024	$ 3,758.90	$ 20,000.00	$ 0.00	/

What does "Prorata Temporis" mean?

The **Prorata Temporis** feature is useful to depreciate your assets the most accurately possible.

With this feature, the first entry on the Depreciation Board is computed based on the time left between the *Prorata Date* and the *First Depreciation Date* rather than the default amount of time between depreciations.

For example, the Depreciation Board above has its first depreciation with an amount of $ 241.10 rather than $ 4,000.00. Consequently, the last entry is also lower and has an amount of $ 3758.90.

What are the different Depreciation Methods

The **Straight Line Depreciation Method** divides the initial Depreciable Value by the number of depreciations planned. All depreciation entries have the same amount.

The **Declining Depreciation Method** multiplies the Depreciable Value by the **Declining Factor** for each entry. Each depreciation entry has a lower amount than the previous entry. The last depreciation entry doesn't use the declining factor but instead has an amount corresponding to the balance of the depreciable value so that it reaches $0 by the end of the specified duration.

The **Declining Then Straight Line Depreciation Method** uses the Declining Method, but with a minimum Depreciation equal to the Straight Line Method. This method ensures a fast depreciation at the beginning, followed by a constant one afterward.

Assets from the Purchases Journal

You can create an asset entry from a specific journal item in your **Purchases Journal**.

To do so, open your Purchases Journal by going to **Accounting ‣ Accounting ‣ Purchases**, and select the journal item you want to record as an asset. Make sure that it is posted in the right account (see: **Change the account of a posted journal item**).

Then, click on *Action*, select **Create Asset**, and fill out the form the same way you would do to **create a new entry**.
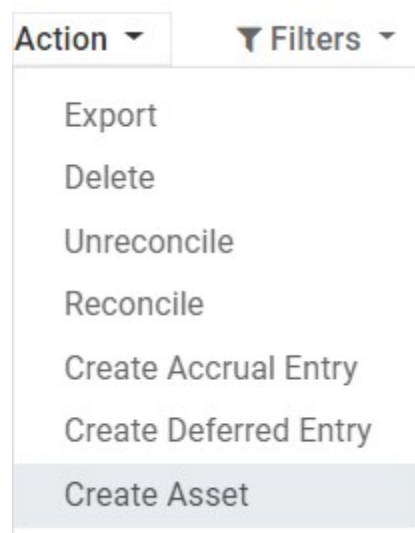

Modification of an Asset

You can modify the values of an asset to increase or decrease its value.

To do so, open the asset you want to modify, and click on *Modify Depreciation*. Then, fill out the form with the new depreciation values and click on *Modify*.

A **decrease in value** posts a new Journal Entry for the **Value Decrease** and modifies all the future *unposted* Journal Entries listed in the Depreciation Board.

An **increase in value** requires you to fill out additional fields related to the account movements and creates a new Asset entry with the **Value Increase**. The Gross Increase Asset Entry can be accessed with a Smart Button.
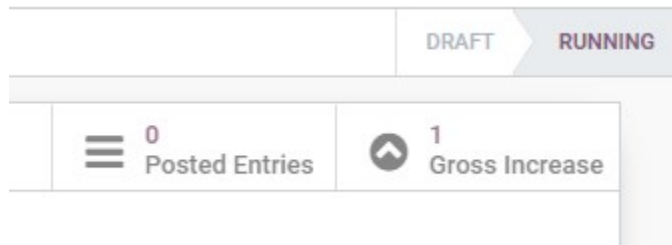
Disposal of Fixed Assets

To **sell** an asset or **dispose** of it implies that it must be removed from the Balance Sheet.

To do so, open the asset you want to dispose of, click on *Sell or Dispose*, and fill out the form.

Odoo Accounting then generates all the journal entries necessary to dispose of the asset, including the gain or loss on sale, which is based on the difference between the asset's book value at the time of the sale and the amount it is sold for.

> **Note**
>
> To record the sale of an asset, you must first post the related Customer Invoice so you can link the sale of the asset with it.

Assets Models

You can create **Assets Models** to create your Asset entries faster. It is particularly useful if you recurrently buy the same kind of assets.

To create a model, go to **Accounting ‣ Configuration ‣ Assets Models**, click on *Create*, and fill out the form the same way you would do to create a new entry.

> **Tip**

You can also convert a *confirmed Asset entry* into a model by opening it from **Accounting ‣ Accounting ‣ Assets** and then, by clicking on the button *Save Model*.

Apply an Asset Model to a new entry

When you create a new Asset entry, fill out the **Fixed Asset Account** with the right asset account.

New buttons with all the models linked to that account appear at the top of the form. Clicking on a model button fills out the form according to that model.

VEHICLES (5 YEARS - LINEAR)

Asset Name

e.g. Laptop iBook

Automate the Assets

When you create or edit an account of which the type is either *Non-current Assets* or *Fixed Assets*, you can configure it to create assets for the expenses that are credited on it automatically.

You have three choices for the **Automate Assets** field:

1. **No:** this is the default value. Nothing happens.
2. **Create in draft:** whenever a transaction is posted on the account, a draft *Assets entry* is created, but not validated. You must first fill out the form in **Accounting ‣ Accounting ‣ Assets**.
3. **Create and validate:** you must also select an Asset Model (see: **Assets Models**). Whenever a transaction is posted on the account, an *Assets entry* is created and immediately validated.

Automate Asset   ○ No

○ Create in draft

● Create and validate

Asset Model   Vehicles (5 years - Linear)

Tip

You can, for example, select this account as the default **Expense Account** of a product to fully automate its purchase. (see: **Choose a different Expense Account for specific products**).