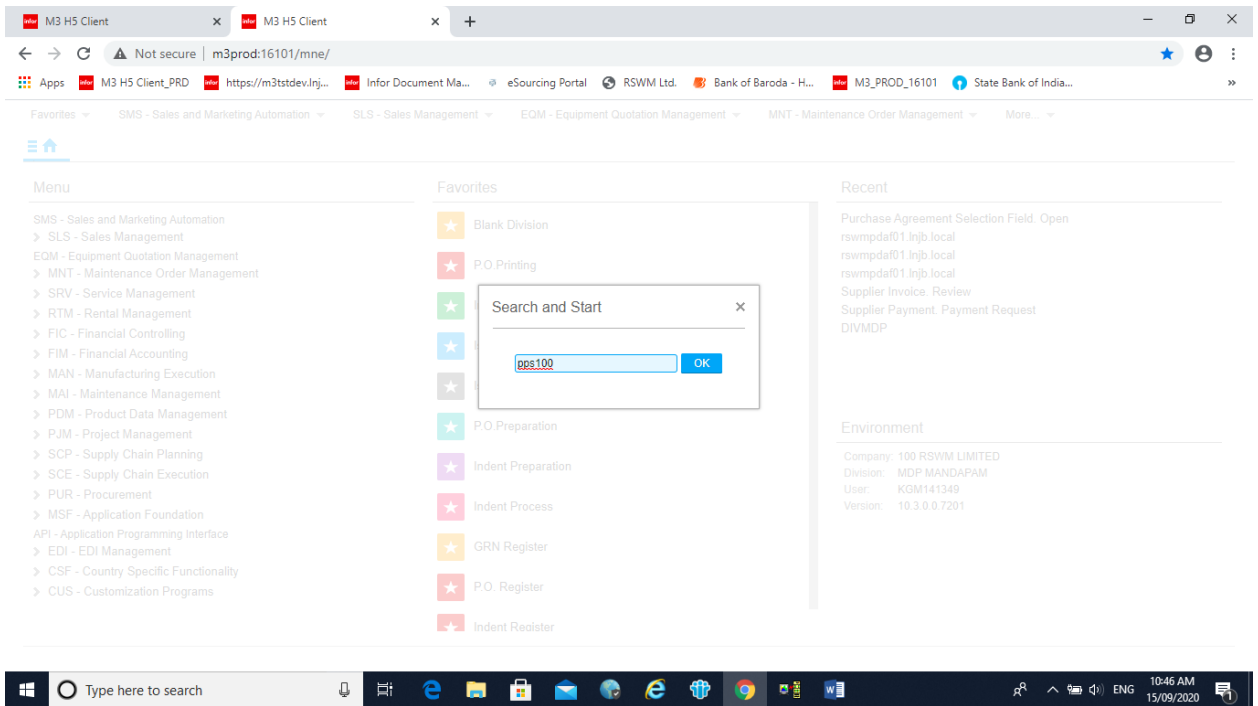# *Purchase Agreement*

Create a Normal Purchase Agreement

A Normal purchase agreement is used when prices, yearly requirements, delivery times, etc. are agreed upon with the supplier. A purchase agreement can be created manually from 'Purchase Agreements. Open' (PPS100) and defaulted to a purchase order when an order is placed with a supplier.

On Canvas - Control R and Call Program PPS100

Press Enter then PPS100/B1 panel displayed

Press F13 to activate the P panel.

Set the panel sequence to EFT12 and press Enter.

PPS100/B1 panel displayed

Enter a supplier and an agreement type (if sorting order 1 is used), and select New.

PPS100/E Panel displayed

On the E Panel , enter required details like Subject, Valid From, Valid To, Buyer, Reference, Update Purchase Quantity, Renewal date, Agreement Priority, currency, payment terms, Delivery Method, Delivery Terms, Freight Terms, Supplier agreement number then press next.

Valid From- The field indicates the date from which an agreement takes effect. The date specified is compared with the order's planned or confirmed delivery date.

The date you enter must always be before "To" valid date.

Valid To- The field indicates how long the agreement is valid.

Renewal Date- The field indicates when the agreement is to be renewed. This renewal date is disabled when the agreement is changed to status 40.

Agreement Date-The agreement date specifies when the agreement was created

Agreement Priority-The field indicates the priority for the actual agreement, which is to be compared with other agreements for the actual supplier.

Supplier agreement Number-The field indicates the supplier quotation reference.

Update Purchase Quantity- the Update purchased quantity field indicates if the purchased quantity on the agreement must be updated. The valid alternatives are:

0 = No update

1 = Update when planned orders are created (If agreement used in PR to PO then 1 to be selected)

2 = Update when purchase orders are registered (If agreement used in PO then 2 to be selected)

Alternative 1 or 2 must be entered for the purchased quantity so as to reduce the agreed quantity.

Status-The status of a supplier agreement is used to show the progress of an agreement in the agreement flow.

The following status values are used:

10 - Preliminary / default status

20 - Completed agreement

30 – Distributed/Printed agreement

40 - Valid agreement

80 - Fulfilled

90 - Cancelled agreement.

The status of a supplier agreement cannot be changed to 40 unless the supplier has a status of 20=approved.

If status is <20 or >=80, the agreement is not used in purchase order line entry.

If status is 20, 30 or 40, the agreement is valid and can be associated with a purchase order line.

Status 80 indicates that the actual received quantity is equal to or greater than the agreed quantity.

Press Enter PPS100/F panel displayed.
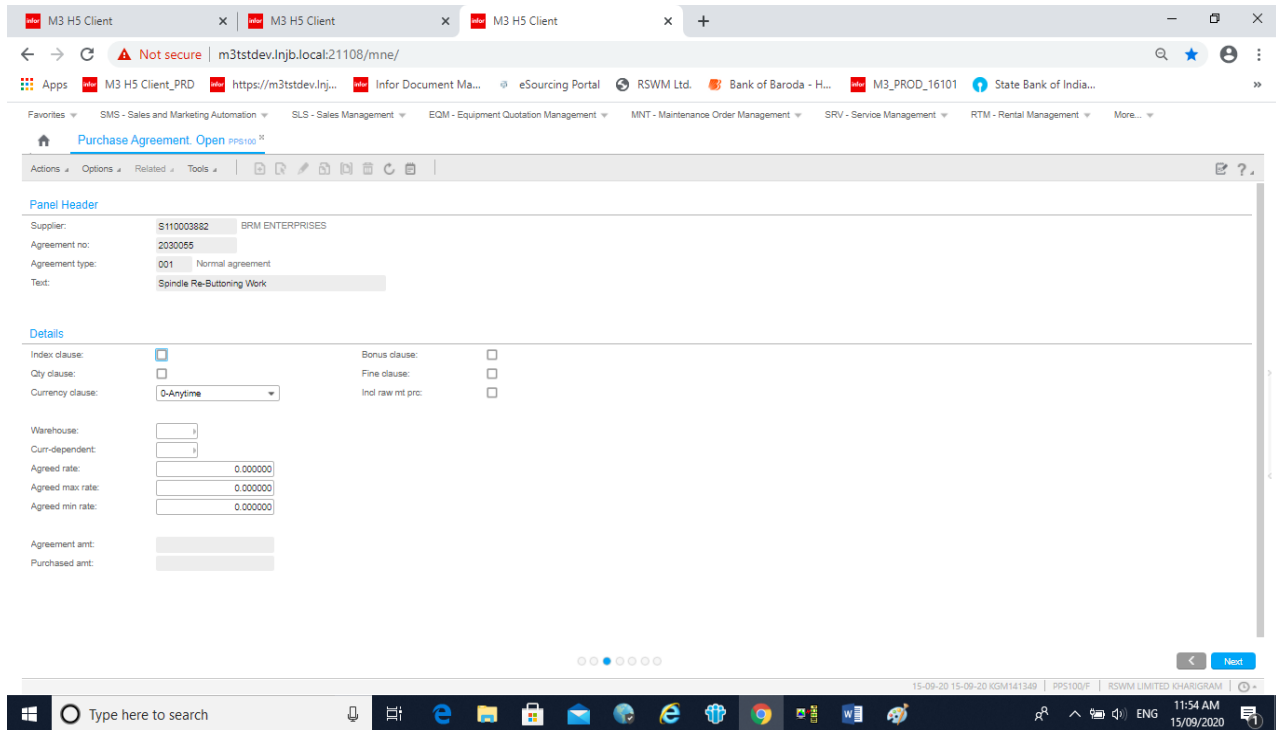
In above screen agreement number displayed on panel header.

On the F panel, the agreement amount and purchase amount are updated.

Check details and press next

M3 Text box opened

To defined terms & conditions.

Press next to continue to 'Purchase Agreement. Open Lines' (PPS101/B1).

After create PPS101/E panel displayed

On the E panel, enter the purchase price, discount 3, agreed quantity, and purchase commitment.

The agreed quantity indicates the quantity specified in the agreement.

The purchase commitment indicates if a buyer must purchase a specific volume. The volume is defined by the agreement quantity.

> The valid alternatives are:
>> 0 = No, there is no agreement.
>>
>> 1= No, there is no agreement.
>>
>> 2= No, there is no agreement.
>>
>> 3= Yes, the agreed volume is the maximum quantity possible. If the accumulated ordered quantity is exceeded, a warning is issued when you enter a purchase order or create the purchase order from an order proposal for the proposal line Press Enter to return to PPS101/B.

Press Next PPS101/F Panel displayed

On the F panel, enter the Goods received Method = DP

Press enter or next then line text panel displayed

Press next then PPS102/B panel displayed

PPS102 is only displayed if the agreement is connected to an agreement type that allows volume-based prices and discounts.

On the B panel you can enter the From quantity, purchase price, and discount 3.

The normal price is the representative purchase price for the item displayed in PPS101/B and is used for purchase costing.

Press F3 then PPS101/B panel displayed with agreement line.

If new line to be added then same process to be adopted else press F3 till PPS100/B panel.

If Agreement work is completed then status changed to 20 by user and print the agreement.
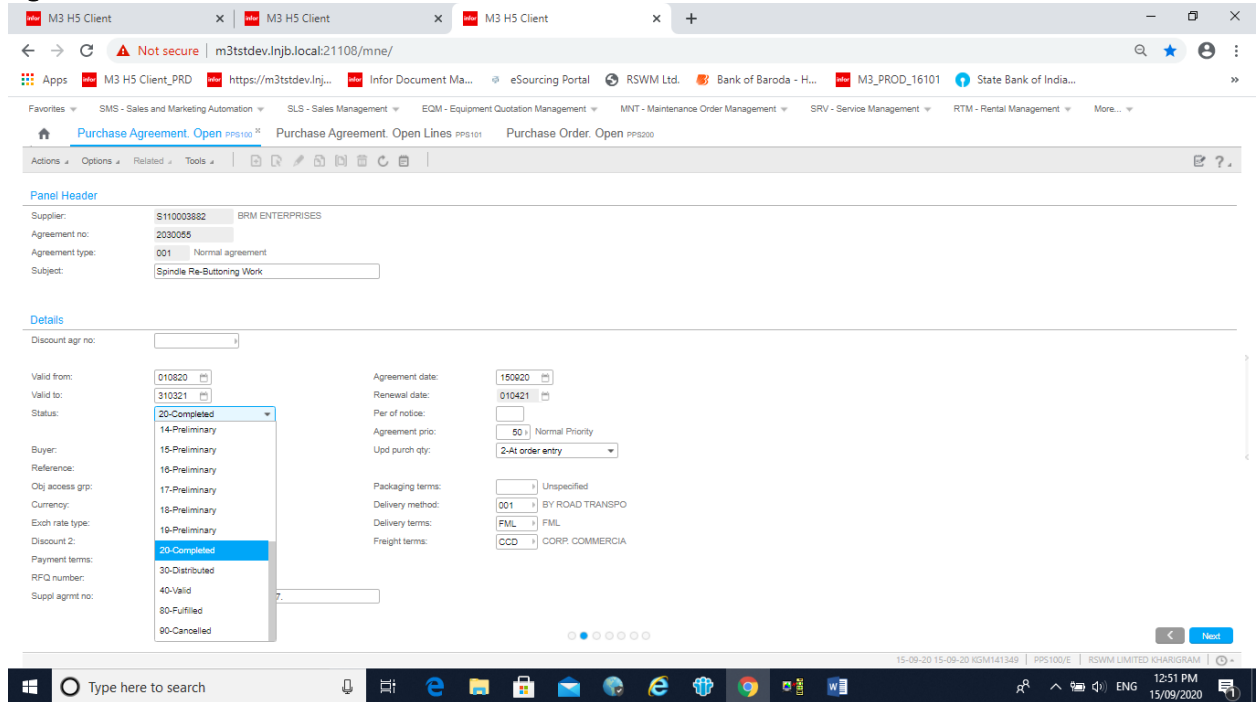
Print a Purchase Agreement

You can print a purchase agreement for physical references. Use option 6 = Print Documents in 'Purchase Agreements. Open' (PPS100/B).You can also print the purchase agreement from 'Purchase Agreement. Print Documents' (PPS530/E) by raising the status to 30.

An agreement report, displaying data from the agreement lines, can be printed from 'Purchase Agreement. Print Report' (PPS535/E).

After printing the agreement documents, inform to nominated person to change the status to 40 – Valid.
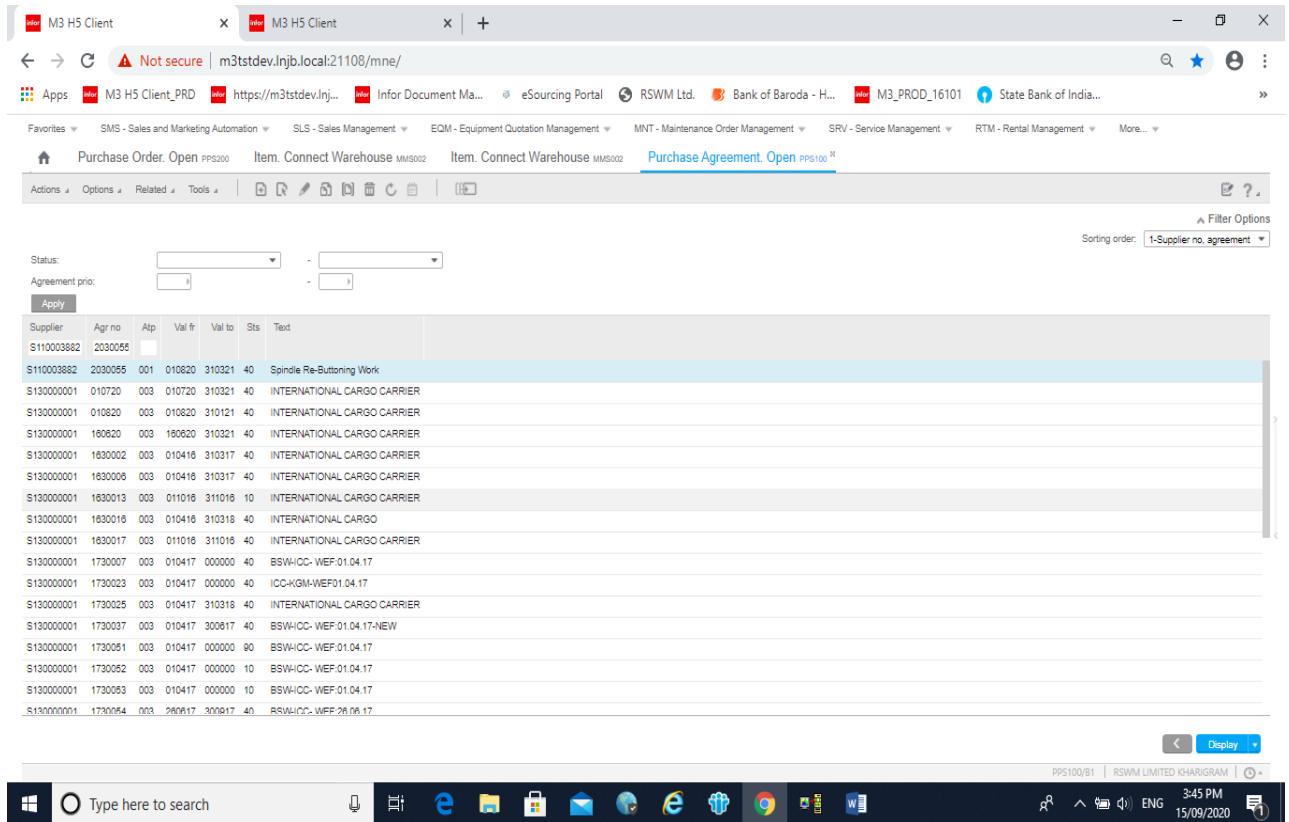
Cancel a Purchase Agreement

You can cancel a purchase agreement when the agreement expires and you no longer need it. You can manually cancel a purchase agreement by changing the status to 90 in 'Purchase Agreements. Open' (PPS100/B).

Use Agreements in Purchase Order

This document explains how you use agreements in planned purchase orders and purchase orders.

Start Program PPS200

Press Create button

Press OK

On a above screen enter supplier code , required delivery date & Order type and press F4 on agreement no. field then all valid agreement displayed for this supplier.
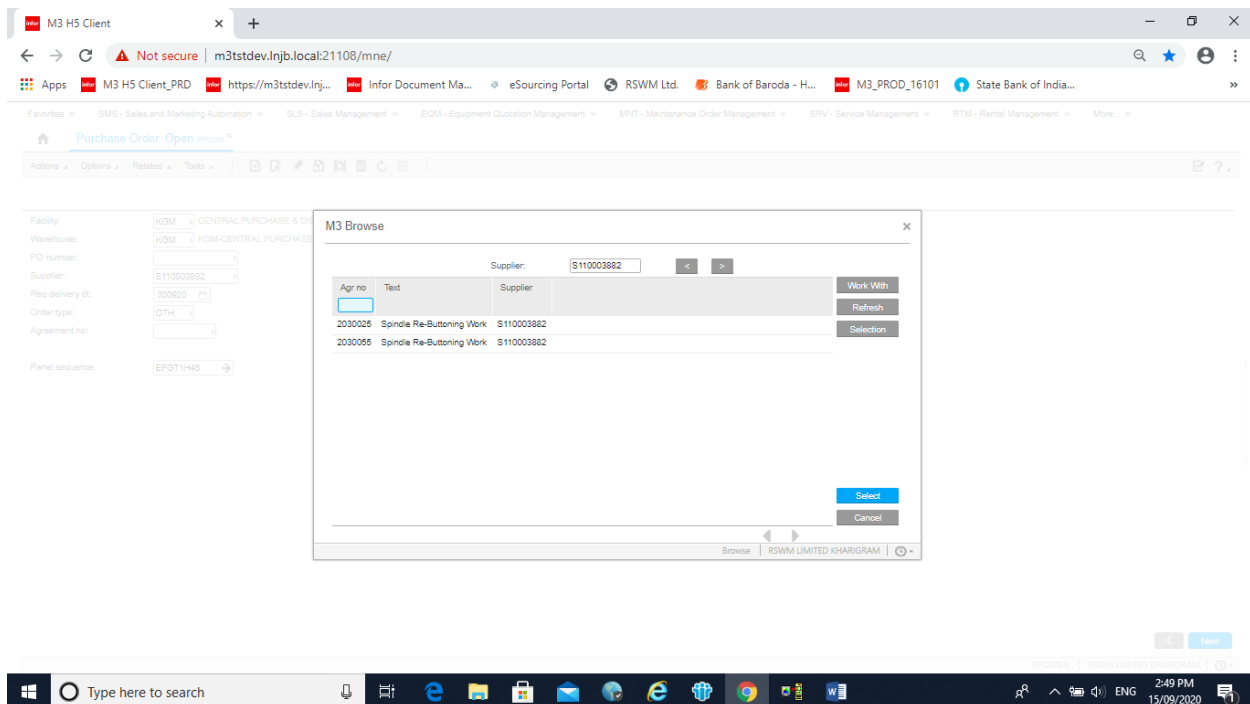
Selected desired agreement no. and press enter

PPS200/E panel displayed

On the E panel, the 'Our reference number' field displays the value of reference type 1.

Reference type 1 indicates the agreement number.

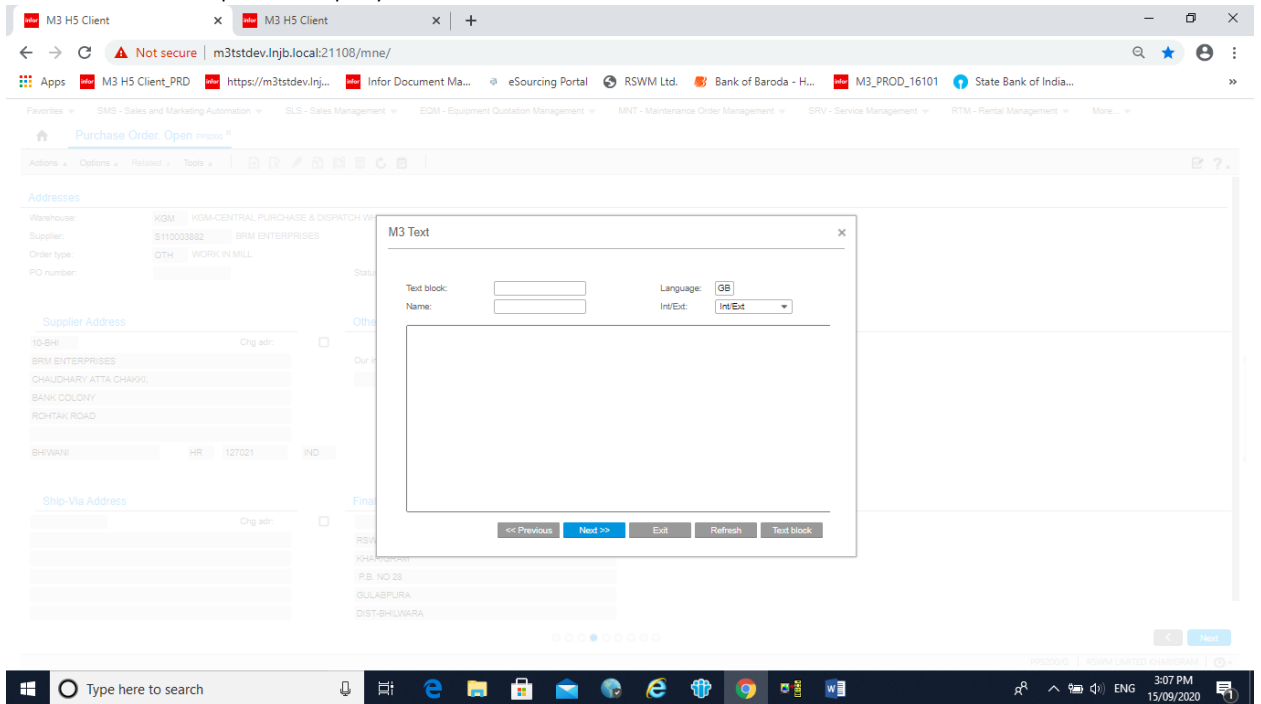## Press next then PPS200/F displayed

Signature - If authorization is needed, the authorization code is entered in the signature field.

Press next then PPS200/G displayed
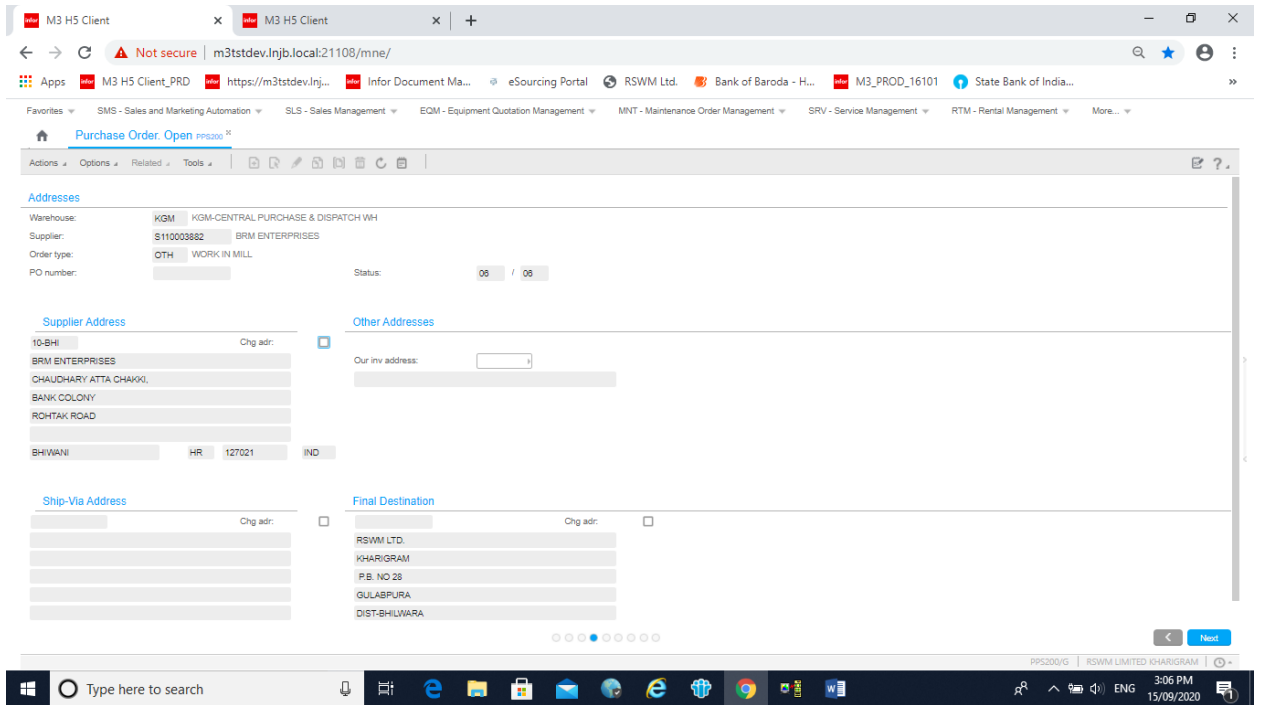
The G panel shows different address fields. The address fields are opened for changes by activating the 'Chg adr' box followed by Enter.

Press Enter Text panel displayed

Press next button then PPS201/B1 panel displayed

'Item number' and 'order quantity' must be filled in.

After Press enter then PPS201/E Panel displayed

On the E panel, the 'Our reference number' field displays the value of reference type 1.

Reference type 1 indicates the agreement number.

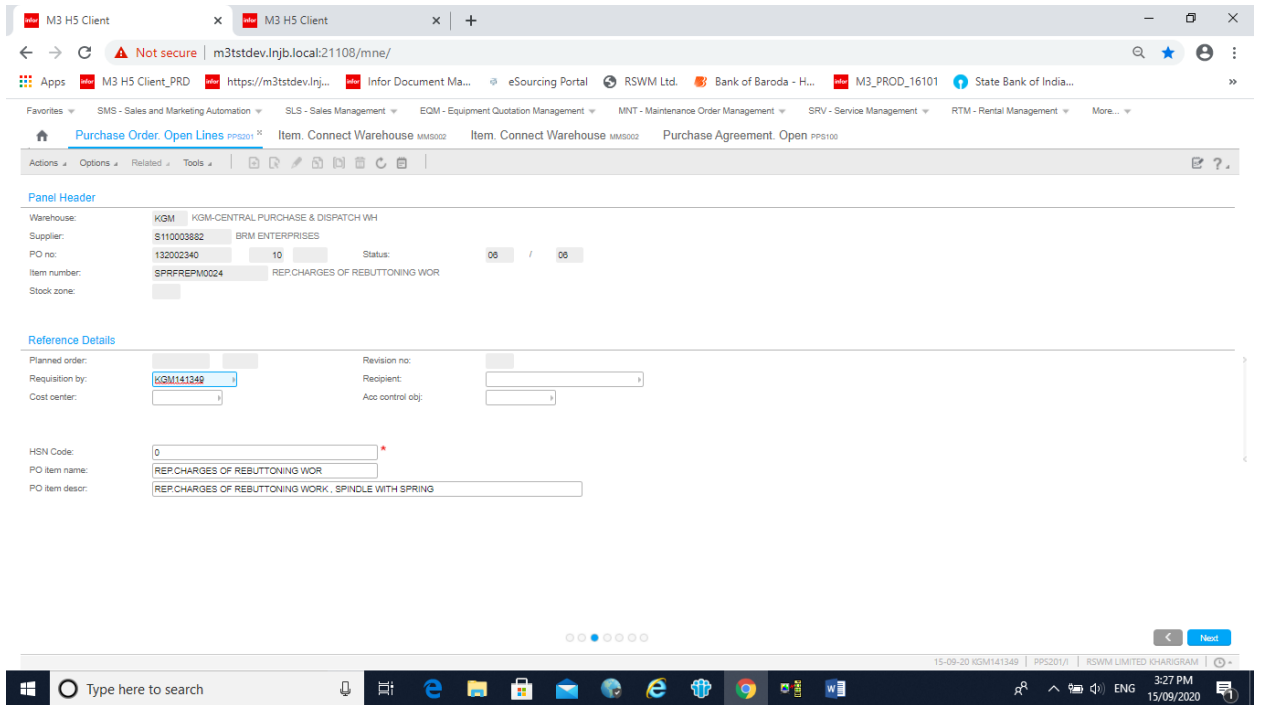'Units , Discount and 'prices' will automatically be retrieved from an agreement (PPS100)

Three different type of discounts can be entered or defaulted:

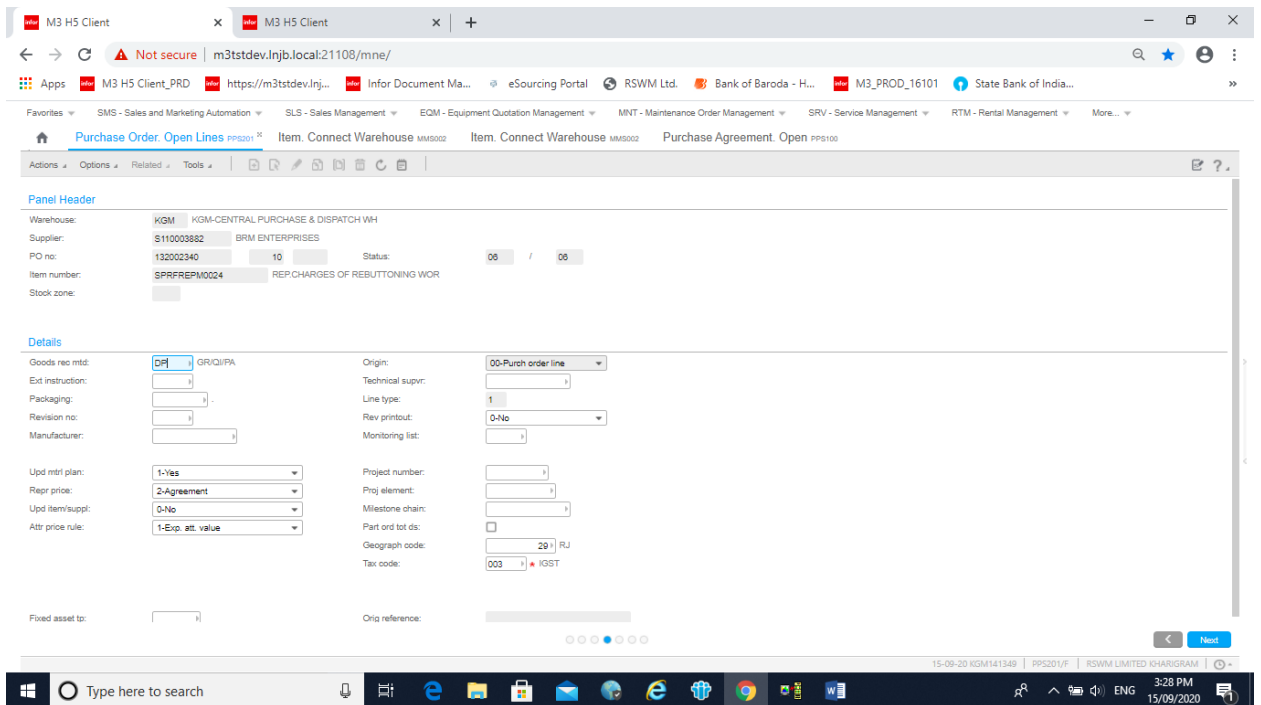Discount 1: Discount from the supplier master

Discount 2: Discount from the agreement header

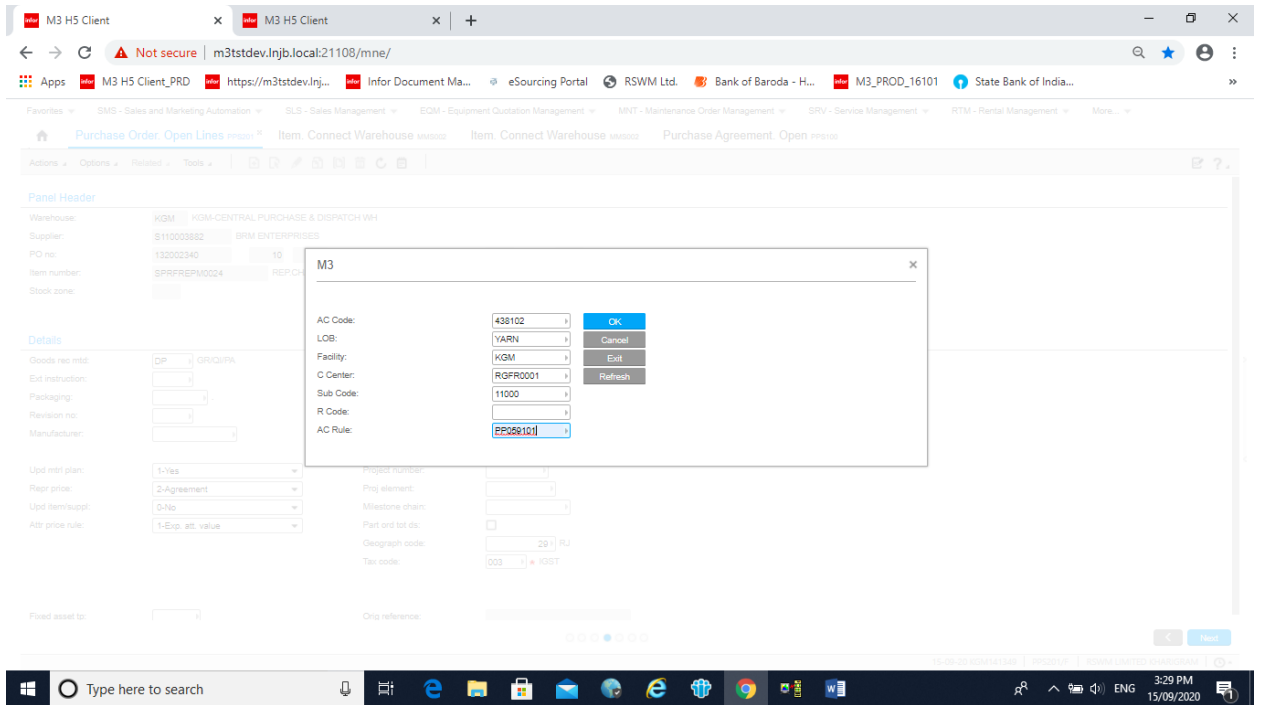Discount 3: Discount from the agreement line

Press enter PPS201/I Panel Displayed

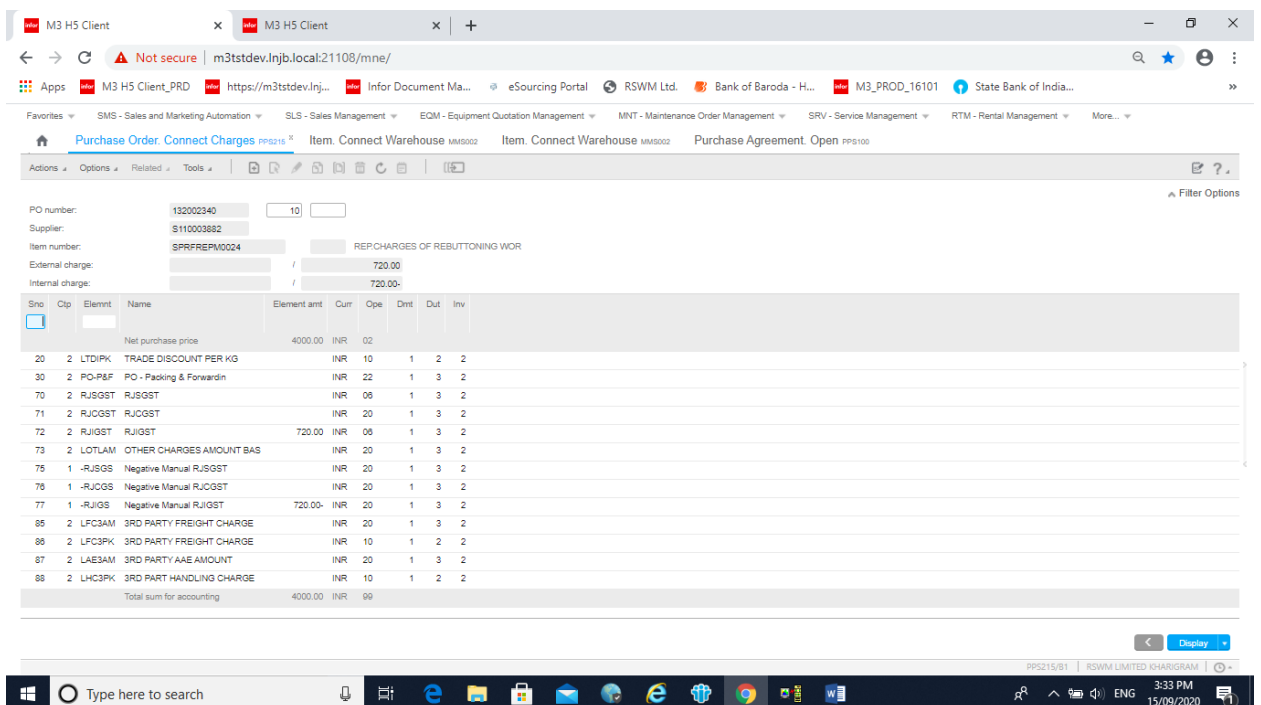Press Enter PPS201/F Panel displayed

Press Enter accounting screen displayed

Accounting rule to be defined MM209071.

Accounting code to be defined for consumption like 438102.

Press Ok then PPS215 screen displayed

Press F3 then PPS201/B1 panel displayed.

After preparation of PO quantity updated in agreement