

## Business One in Action - How can the Gross Profit be determined when a Drop Ship warehouse is used in a sales document?



### Applies to:

SAP Business One, [Logistics](#), [Sales and Purchasing](#)

### Summary:

This article describes a workaround on how to calculate the gross profit amount when posting sales and purchase transactions through a Drop Ship warehouse.

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### Author Bio:

Lorna Real joined SAP in 2007 and is currently active as Senior Support Consultant for SAP Business One. She has worked as both technical and business consultant. She authored this article as a direct response to a partner enquiry during the Expert-on-Phone project, where she consulted on mainly Logistics and Finance related topics.

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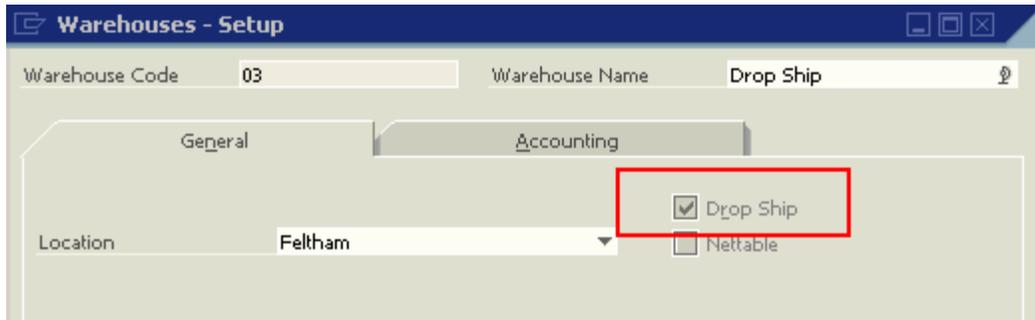
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## How can the Gross Profit be determined when a Drop Ship warehouse is used in a sales document?

Note [1087005](#)

Drop ship warehouses are used in sales transactions when items are delivered to the customer directly from the supplier's warehouse rather than from the company's own warehouses.

In SAP Business One, a warehouse can be defined as 'Drop Ship' by ticking the option in the Warehouse Setup (Administration -> Setup -> Stock Management -> Warehouses -> General tab).



When a 'Drop Ship' warehouse is selected in a sales order, a purchase order is automatically created based on that sales order. The purchase order in this case, also uses the Drop Ship warehouse. However, as the 'Drop Ship' warehouse does not maintain any cost for the item, the gross profit for the specific sales document may be inaccurate.

To correctly calculate the gross profit of these transactions, the sales invoice has to be associated with its corresponding purchase invoice. One way of linking the purchase invoice with the sales invoice is to use a 'User-Defined field' (UDF) in both documents. To proceed:

1. Create a UDF in the sales and purchase documents header.
2. When entering the purchase invoice for the corresponding sales transaction, enter the sales document number in the UDF.

The screenshot shows the SAP 'AP Invoice' dialog box. The 'Supplier' field is set to 'CW800' (CakeWorld). The 'No.' field is '97' and 'Primary' is checked. The 'Status' is 'Open'. The 'Posting Date' is '10.07.08', 'Due Date' is '11.08.08', and 'Document Date' is '10.07.08'. The 'Item' list contains one entry: 'Apples' with a quantity of 10, unit price of GBP 1.50, and total of GBP 15.00. The 'Total Before Discount' is GBP 15.00, 'Total Payment Due' is GBP 17.63, and 'Balance Due' is GBP 17.63. The 'Remarks' field contains the text: 'Based on Sales Orders 125. Based on Purchase Orders 89. Based on Goods Receipt PO 108.' The 'Dropship Gross profit' field is set to '117'.

#	Item No.	Quantity	Unit Price	Disc...	VAT C...	Total (LC)
1	Apples	10	GBP 1.50	0.00	I1	GBP 15.00

Total Before Discount	GBP 15.00
Discount	%
Total Down Payment	
Freight	
Tax	GBP 2.63
Total Payment Due	GBP 17.63
Applied Amount	
Balance Due	GBP 17.63

3. Update the UDF in the Sales Invoice with the Purchase Invoice document number.

The screenshot displays the SAP AR Invoice form. The 'General' tab is active, showing customer information for C20000 (Norm Thompson) and invoice details for document 117. A table lists one item, 'Apples', with a quantity of 10 and a unit price of GBP 2.00. The financial summary at the bottom right shows a total balance due of GBP 23.43. A yellow sticky note in the 'Remarks' field contains the text: 'Based on Sales Orders 125. Based on Deliveries 111.' Two red boxes highlight the 'No. Primary 117' field and the 'Dropship Gross profit 97' field in the 'General' tab.

#	Item No.	Quantity	Unit Price	Discount %	Price after Discount	VAT Code	Gross Price
1	Apples	10	GBP 2.00	0.00	GBP 2.00	01	GBP 2.35

Total Before Discount	GBP 20.00
Discount	%
Total Down Payment	
Freight	
<input type="checkbox"/> Rounding	
Tax	GBP 3.43
Total	GBP 23.43
Applied Amount	
Balance Due	GBP 23.43

4. Create a user query to generate a list of matching sales and purchase invoices to view the transaction profit.

The screenshot shows a SAP Query Designer window titled 'July\_01'. The query text is as follows:

```

SELECT
T0.DocNum as [Sales Invoice No.], T0.CardCode as [Customer Code], T0.CardName as [Customer Name], T0.DocTotal as [Sales Invoice Amt],
T1.DocNum as [Purchase Invoice No.], T1.CardCode as [Supplier Code], T1.CardName as [Supplier Name],
T1.DocTotal as [Purchase Invoice Amt], T0.DocTotal - T1.DocTotal as [Transaction Profit]
FROM

```

The result table below the query has the following columns and data:

#	Sales Invoice No.	Customer Code	Customer Name	Sales Invoice Amt	Purchase Invoice No.	Supplier Code	Supplier Name	Purchase Invoice Amt	Transaction Profit
1	117	C20000	Norm Thompson	23.43	97	CW800	CakeWorld	17.63	5.80

#### Query

```

SELECT
T0.DocNum as [Sales Invoice No.],
T0.CardCode as [CustomerCode],
T0.CardName as [Customer Name],
T0.DocTotal as [Sales Invoice Amt],
T1.DocNum as [Purchase Invoice No.],
T1.CardCode as [Supplier Code],
T1.CardName as [Supplier Name],
T1.DocTotal as [Purchase Invoice Amt],
T0.DocTotal - T1.DocTotal as [Transaction Profit]
FROM
OINV T0 , OPCH T1 WHERE T1.U_BP = T0.DocNum and T0.U_Bp = T1.DocNum

```

**Note:** The 'Transaction Profit' generated from the query may be influenced by freight costs, discounts and taxes.

## Related Contents

- [SAP Business One in Action Catalog Page](#)
- Note [1087005](#)
- For more information, visit the [Business One homepage](#).

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