What is PPV?

PPV is an acronym that stands for Purchase Price Variance. This refers to the difference between how much the business said their inventory parts are worth, and how much they actually paid for them.

In a perfect world those two amounts would be equal, but vendors change their part prices too frequently for business to keep up. So instead they enter a standard or average value for each part, and any difference between that standard/average and the actual price goes to the PPV account. In SedonaOffice the actual price can be found on the AP bill, the standard cost can be found on the warehouse tab of the part edit, and the average cost is calculated automatically by the system each time the part is used.

At the end of each month it is expected that users will create a journal entry to zero out the PPV account, and use a cost account as the offset. Each company will have a different value of PPV that is normal for them monthly. If they find the PPV value for a certain much is much higher than expected, this is red flag that they should review their parts, as they may have a part that is setup incorrectly, or a bill that was created for the wrong amount.