# Expense Fundamentals

Understand expenses, payees, categories, and how expense records support accurate profitability reporting.


- What Is an Expense in RepairNest POS?
- Payee vs. Expense Category: What Is the Difference?
- Why Recording Expenses Is Important
- Expense-Recording Best Practices

# What Is an Expense in RepairNest POS?

An expense is a business cost recorded so the system can track where money went. Examples include rent, utilities, salaries, advertising, office supplies, maintenance, and professional services.

Each expense connects an amount and date with:

- A **payee**—the person or business receiving the money
- A **category**—the business reason for the cost
- A **payment method** and, when applicable, the register used to fund it
- Supporting details such as a reference, description, receipt, or attachment

# Payee vs. Expense Category: What Is the Difference?

A **payee** answers “Who did we pay?” An **expense category** answers “Why did we spend the money?”

## Example: employee salary

- **Payee:** the employee’s name
- **Category:** Salary or Payroll

## More examples

- Payee: Building Owner; Category: Rent
- Payee: Electric Company; Category: Utilities
- Payee: Local Newspaper; Category: Advertising

Using both fields consistently makes expense history and financial reporting much easier to analyze.

# Why Recording Expenses Is Important

Sales alone do not show whether the business made money. Accurate expense records reveal the operating costs that reduce gross earnings and help the Profit & Loss report calculate a more meaningful net result.

## Good expense data helps you

- Understand where money is being spent
- Compare costs by payee, category, and period
- Explain register cash removed for a business expense
- Keep receipts and supporting documents connected to the record
- Identify costs that are rising faster than sales
- Make pricing, staffing, and budgeting decisions

An omitted expense can make profit appear higher than it really is.

# Expense-Recording Best Practices

- Enter expenses promptly using the actual date and time.
- Use one consistent payee record per person or business.
- Choose specific, reusable categories.
- Select the real payment method.
- Turn on Pay From Register only when cash or payment is actually taken through that register workflow.
- Add an invoice, check, transaction, or confirmation number as the reference.
- Write a description that another manager can understand later.
- Attach the bill, receipt, or proof of payment.
- Review the expense before saving to avoid duplicate entries.