

RECORDING OF STOCK ADJUSTMENTS

There are two types of adjustment we need to process – stock gain or loss and write downs in value.

The stock take at the end of the period showed that there were 980 copies of the book Accounting for Small Business, and 950 copies of Legal Systems on hand. A new edition of Legal Systems will be published in June so it has been decided to offer the remaining stock at \$15 per copy. The records of the business show that there are 1000 copies of each on hand.

To check the stock on hand, on the menu bar, click on **Reports > Inventory > Inventory status by item** (adjust the dates if necessary) and view the stock on hand for each stock line.

Item Description	Pref Supplier	Reorder Pt	On Hand	U/M	Order	On PO	Next Deliv	Sales/Week
Accounting for Sm...			1,000			0		0
Legal Systems			1,000			0		0

On the menu bar, select **Suppliers > Inventory activities > Adjust Qty/Value on hand**

Item	Description	Current Qty	New Qty	Qty Difference	U/M
Accounting	Accounting for Small Business	1,000	980	-20	
Legal	Legal Systems	1,000	950	-50	

In the field **Adjustment account**, key in **Stock Loss**

Tab

Use **Set up** to set up the account as a **Cost of Goods Sold** account. Click on **OK**.
At the next box, click on **OK**.

In the field **New Quantity** enter the new numbers for the stock lines (Accounting – 980, Legal – 950). The adjusted numbers on hand will appear in the **Quantity difference** column and the value of the adjustment will be shown at the bottom of the box.

Click on **Save & New**

In the field **Adjustment account** key in **Stock write down** press *Tab* and set up as a **Cost of Goods Sold** account

Click on **Value Adjustment** box at the bottom of the screen and a new column appears **New Value**

Adjust the value of the chosen stock line (Legal Systems) to **14250** (950 x \$15))

The value of the stock adjustment will be shown at the bottom of the box as you click on **Save & Close**.

Item	Description	Current Qty	New Qty	Current Va...	New Value	U/M
Accounting	Accounting for Small Business	980		24,500.00		
Legal	Legal Systems	950		19,000.00	14,250.00	

From **Reports > Inventory > Inventory Valuation Detail** adjust the dates and check the changes made.

Type	Date	Source Name	Num	Qty	Cost	On Hand	U/M	Avg Cost	Asset Value
Inventory									
Accounting									
Inventory Adjust	01/03/2008			1,000		1,000		25.00	25,000.00
Inventory Adjust	31/03/2008		2	-20		980		25.00	24,500.00
Total Accounting						980			24,500.00
Legal									
Inventory Adjust	01/03/2008			1,000		1,000		20.00	20,000.00
Inventory Adjust	31/03/2008		2	-50		950		20.00	19,000.00
Inventory Adjust	31/03/2008		2	0		950		15.00	14,250.00
Total Legal						950			14,250.00
Total Inventory						1,930			38,750.00
TOTAL						1,930			38,750.00

The two new accounts for the stock adjustments should appear on the Profit and Loss statement in the Cost of Goods Sold section. If these accounts are listed above the Cost of Goods Sold amount, they can be moved through **Lists > Chart of Accounts**. Locate the cursor on the diamond at the front of the account name and drag into the required position.

On the Balance Sheet the stock value should reflect both the adjustment to the number on hand and the adjustment to the value.