

Adjusting Inventory in Reckon Account Business

If you need to adjust the inventory in Reckon, the usual way is via the **Suppliers > Inventory Activities > Adjust Quantity/Value** on Hand function.

Below, I detail how this is done properly, and examine some alternative ways to avoid this screen.

First, the standard method. The item below has 10 units valued at \$325 each (the average cost). The cost for the item has increased in price to \$350. For the item below, I will:

- Show an increase in the inventory by 2 units at the average cost;
- Show a decrease in the inventory by 2 units at the average cost; and
- Revalue each item to \$350 ex GST per unit.

Note that Inventory is ALWAYS valued ex GST.

The screenshot shows the 'Adjust Quantity/Value' dialog box for item 'Door 2P2700x2100'. The 'Cost' field is highlighted with a red box and contains the value 350.00. The 'Inventory Information' table shows the following data:

Asset Account	Reorder Point	On Hand	Avg. Cost	On P.O.	On Sales Order
Inventory Asset		10	325.00	0	0

The 'Amts Inc Tax' checkbox is checked and highlighted with a red box.

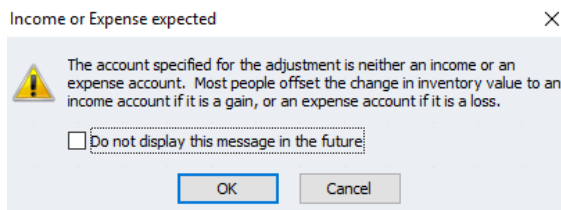
You should always check the inventory value via a **Reports > Inventory > Inventory Valuation Summary** Report as at the date of your stocktake. This may be different from the value shown in the item list as new transactions have been entered. Always use the figures from the Report.

The screenshot shows the 'Inventory Valuation Summary' report for Reckon Enterprises Pty Ltd as of June 30, 2018. The report includes the following data:

Inventory	Item Description	On Hand	Avg Cost	Asset Value	% of Tot Asset	Sales Price	Retail Value	% of Tot Retail
Door 2P2700x2100	2 Panel Door 2700x2100	10	325.00	3,250.00	0.3%	530.00	5,300.00	0.3%

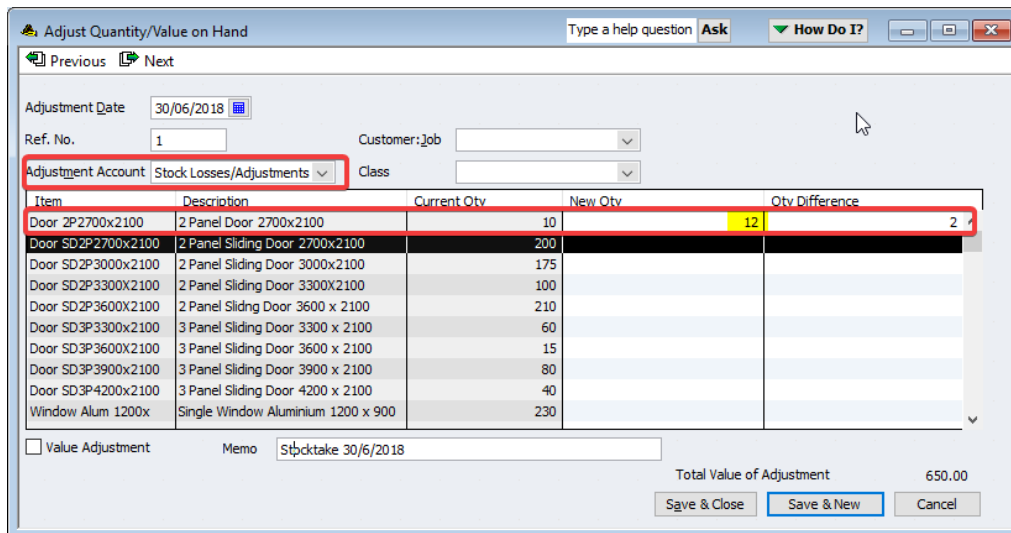
Preparation

You will need to set up a Stock Losses/Adjustments Account. I set this up as a Cost of Goods Sold account. When you use this in stock adjustment, you will get this error. You can safely tick the **Do not display ...** message and ignore it.



EXAMPLE 1 - INCREASE BY 2 UNITS

Use the **Suppliers > Inventory Activities > Adjust Quantity/Value** as follows:



When you enter the new stock figure in New Qty, The Qty Difference of 2 will auto calculate. The Adjustment Account is our **Stock Losses/Adjustment** COGS account.

AVOID THE COMMON ERROR OF SELECTING THE INVENTORY ASSETS ACCOUNT! IT IS INCORRECT AND WILL CAUSE A DISCREPANCY BETWEEN THE VALUE OF INVENTORY IN THE BALANCE SHEET AND THE VALUE SHOWN ON THE **REPORTS > INVENTORY > INVENTORY VALUATION SUMMARY** REPORT.

Check the new value.

Inventory	Item Description	On Hand	Avg Cost	Asset Value
Door 2P2700x2100	2 Panel Door 2700x2100	12	325.00	3,900.00

And the journal (open the transaction then **Ctrl-Y**)



EXAMPLE 2 – DECREASE BY 2 UNITS

Use the **Suppliers > Inventory Activities > Adjust Quantity/Value** as follows:

Adjustment Date: 30/06/2018
 Ref. No.: 2
 Adjustment Account: Stock Losses/Adjustments
 Item: Door 2P2700x2100
 Description: 2 Panel Door 2700x2100
 Current Qty: 10
 New Qty: 8
 Qty Difference: -2

Item Description	On Hand	Avg Cost	Asset Value
Door 2P2700x2100	8	325.00	2,600.00

And the journal (open the transaction then **Ctrl-Y**)

Reckon Enterprises Pty Ltd
 Transaction Journal
 All Transactions

Trans #	Type	Date	Num	Description	Item	Item Description	Account	Debit	Credit
2342	Inventory Adjust	30/06/2018	2	Stocktake 30/6/2018	Door 2P2700x2100	2 Panel Door 2700x2100	Stock Losses/Adjustments	650.00	
				Door 2P2700x2100 Inventory Adjustment	Door 2P2700x2100	2 Panel Door 2700x2100	Inventory Asset		650.00
TOTAL								650.00	650.00

EXAMPLE 3 - REVALUE EACH ITEM TO \$350 EX GST PER UNIT.

The first step is to recalculate the new Asset Value of the item: $\text{New Qty} \times \text{Avg Cost} = 10 \times 350 = \3500 . For this transaction, you will need to tick the **Value Adjustment** tickbox bottom left.

Adjustment Date: 30/06/2018
 Ref. No.: 3
 Adjustment Account: Stock Losses/Adjustments

Item	Description	Current Qty	New Qty	Current V...	New Value
Door 2P2700x2100	2 Panel Door 2700x2100	10	10	3,250.00	3,500.00
Door SD2P2700x2100	2 Panel Sliding Door 2700x2100	200		65,000.00	
Door SD2P3000x2100	2 Panel Sliding Door 3000x2100	175		57,750.00	
Door SD2P3300x2100	2 Panel Sliding Door 3300x2100	100		34,000.00	
Door SD2P3600x2100	2 Panel Sliding Door 3600 x 2100	210		73,500.00	
Door SD3P3300x2100	3 Panel Sliding Door 3300 x 2100	60		32,400.00	
Door SD3P3600x2100	3 Panel Sliding Door 3600 x 2100	15		8,250.00	
Door SD3P3900x2100	3 Panel Sliding Door 3900 x 2100	80		48,000.00	
Door SD3P4200x2100	3 Panel Sliding Door 4200 x 2100	40		24,800.00	
Window Alum 1200x900	Single Window Aluminium 1200 x 900	230		39,100.00	

Value Adjustment
 Memo: Revalue Stock.
 Total Value of Adjustment: 250.00
 Buttons: Save & Close, Save & New, Cancel

ALTERNATIVE METHODS

The above methods work well if you only have a small inventory list. Problems arise when you have a large list. In particular:

- the screen shows both active and inactive items, and you can't tell which is which; and
- there is no way to just enter an item.

It is my most hated screen and the screen most in need of a makeover. So here are some ways I do stock adjustments without using this screen.

SCENARIO

Using 2 items, we are going to:

- Increase the first item by 2 units at the average cost;
- Decrease the second item by 2 units at the average cost; and
- Revalue the 1st item to \$350 ex GST per unit.
- Create one transaction to record all the adjustments

	◇ <u>Item Description</u>	◇ <u>On Hand</u>	◇ <u>Avg Cost</u>	◇ <u>Asset Value</u>
Inventory				
Door 2P2700x2100	2 Panel Door 2700x2100	10	325.00	3,250.00
Door 2P3000x2100	2 Panel Door 3000x2100	10	375.00	3,750.00

PREPARATION

You need to create:

- A dummy supplier called zInventory Adjustments (the z puts it at the bottom of the list);
- A dummy Credit Card Account (yes – you heard me) called zInventory Adjustments.
- You will need to have the Inventory Valuation Summary report as you will need the average cost.

Example 1 – Increase 1st item by 2 Units

Enter Credit Card Charges - zInventory Adjustments Type a help ques

Previous Next Find Journal

Credit Card zInventory Adjustments Ending Balance \$650.00

Purchase/Charge Refund/Credit

Credit Card Purchase/Charge

Purchased From zInventory Adjustments Date 30/06/2018

Ref No. _____

Amount \$ 650.00

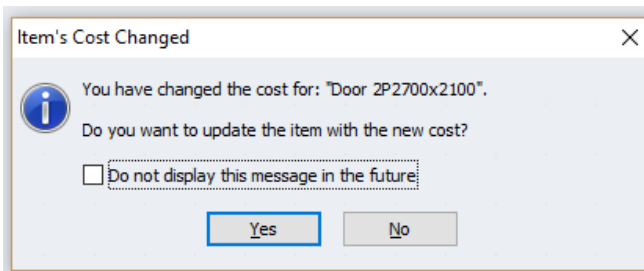
Memo Stocktake 30/6/18

Expenses \$0.00 **Items** \$650.00

Item	Description	Qty	Cost	Tax	Net Amt
Door 2P2700x2100	2 Panel Door 2700x2100	2	325.00		650.00

A few notes:

- This screen is much easier to use as you can type the item in the item, or use the search function;
- You can enter as many items on this as you can. I tend to have one transaction for each bay/aisle. You can use the Ref No to record the bay/aisle;
- This is an increase of 2, so you need a Purchase/Charge;
- Initially, leave the Amount at the top as zero – it will recalculate as you go (or hit Recalculate)
- You use the Items tab;
- The cost will initially display as the cost price of the item. You will need to overwrite with the Average cost from the Inventory Valuation Report;
- When you change the cost, this message will display. Hit No (every time! – don't tick the do not display – this is a function you normally want);



- The tax rate MUST BE blank.

Example 2 – Decrease 2nd item by 2 Units.

Enter Credit Card Charges - zInventory Adjustments Type a help ques

Previous Next Find Journal

Credit Card zInventory Adjustments Ending Balance \$650.00

Purchase/Charge Refund/Credit

Credit Card Refund/Credit

Purchased From zInventory Adjustments Date 30/06/2018

Ref No. _____

Amount \$ 750.00

Memo _____

Expenses \$0.00 **Items** \$750.00

Item	Description	Qty	Cost	Tax	Net Amt
Door 2P3000x2100	2 Panel Door 3000x2100	2	375.00		750.00

Notes:

- Use the Refund/Credit for decreases of stock. (note it is 2, not -2)
- Notes from Example 1 also relevant

Example 3 - Revalue the 1st item to \$350 ex GST per unit.

After the +2 adjustment in example 1, we now have 12 units x 325 = 3900. We want to revalue these to 12 x 350 = 4200.

As the net result will be an increase in value, we need to use a Purchase/Charge. This is done in 2 lines: using -12 x 325 for the first line then adding +12 x 350 for the 2nd.

Enter Credit Card Charges - zInventory Adjustments Type a help ques

Previous Next Find Journal

Credit Card zInventory Adjustments Ending Balance -\$100.00

Purchase/Charge Refund/Credit

Credit Card Purchase/Charge

Purchased From zInventory Adjustments Date 30/06/2018

Ref No. _____

Amount \$ 300.00

Memo _____

Expenses		\$0.00	Items		\$300.00
Item	Description	Qty	Cost	Tax	Net Amt
Door 2P2700x2100	2 Panel Door 2700x2100	-12	325.00		-3,900.00
Door 2P2700x2100	2 Panel Door 2700x2100	12	350.00		4,200.00

NO SHORTCUTS: this looks right, but the blank Qty defaults to 1, so you will end with 13 units valued \$4200

Item	Description	Qty	Cost	Tax	Net Amt
Door 2P2700x2100	2 Panel Door 2700x2100		300.00		300.00

You can, however, do a stock adjustment and revaluation at the same time:

Expenses		\$0.00	Items		\$950.00
Item	Description	Qty	Cost	Tax	Net Amt
Door 2P2700x2100	2 Panel Door 2700x2100	-10	325.00		-3,250.00
Door 2P2700x2100	2 Panel Door 2700x2100	12	350.00		4,200.00

Last step – the adjustment

The three adjustments have a combined effect of \$200: 1st example +650, 2nd -750, and 3rd +300.

30/06/2018		zInventory Adjustments		650.00		650.00
	CC	Inventory Asset	Stocktake 30/6/18			
30/06/2018		zInventory Adjustments		300.00		950.00
	CC	-split-	30/6/18 Revaluation			
30/06/2018		zInventory Adjustments			750.00	200.00
	CC CRED	Inventory Asset	Stocktake 30/6/18			

As it is a positive value, it needs to be cleared with a Refund/Credit. Here we use the Account tab and allocate to Inventory Adjustments/Losses.

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Credit Card zInventory Adjustments Ending Balance -\$100.00
 Purchase/Charge Refund/Credit

Credit Card Refund/Credit

Purchased From zInventory Adjustments Date 30/06/2018
 Ref No. _____
 Amount \$ 200.00

Memo Net adjustment from Stocktake 30/6/18

Expenses \$200.00 Items \$0.00

Account	Tax	Net Amt	Tax Amt	Memo
Stock Losses/Adjustments		200.00		

NOTE: The whole process can also be done with Bills & Bill-Credits if you desire.

After you have finished the process, check that the balance of the dummy credit card is nil.

zInventory Adjustments Type a help question

Date	Ref	Payee	Charge	✓	Payment	Balance
Ex.Rate	Type	Account	Memo			
30/06/2018		zInventory Adjustments	650.00			650.00
	CC	Inventory Asset				
		Stocktake 30/6/18				
30/06/2018		zInventory Adjustments	300.00			950.00
	CC	-split-				
		30/6/18 Revaluation				
30/06/2018		zInventory Adjustments			750.00	200.00
	CC CRED	Inventory Asset				
		Stocktake 30/6/18				
30/06/2018		zInventory Adjustments			200.00	0.00
	CC CRED	Stock Losses/Adjustments				
		Net adjustment from Stocktake 30/6/1				

AN EVEN BETTER PROCESS.

Does the idea of doing a stocktake on an excel spreadsheet sound appealing? Perhaps on a tablet, or on a laptop wheeled around on a trolley? Maybe by just filling in the stock count on a spreadsheet, or even just scanning the barcode and entering a number?

I can take a file with just the item name (or barcode) and a number, match this to the Reckon item list, and create a transaction file containing the stock adjustments that you can upload in minutes.

Call me do discuss your needs.

- End of Article -