Posting Inventory

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Transactional Posting

With this option, the appropriate inventory asset accounts get updated along with each sale or purchase transaction. This maintains the value of inventory in the asset account throughout the month as inventory movement is processed. It creates a G/L detail entry for each of the inventory asset accounts involved in a sale, product purchase, or inventory adjustment.

Note: Transactional Posting is not recommended without in-house accounting expertise to monitor the posting throughout the month.

There are factors that can cause this method to skew the G/L asset (and therefore the cost of goods) account. If the cost of an item is incorrectly updated during the month, the posting to G/L is done using the inaccurate numbers from that point forward. Product costs and margins calculated from the cost saved with Invoices should be checked throughout the month by running a Sales Register Totals page daily or weekly or the Sales Margin Exception Report to verify that the department margins are reasonable.

Important: When using Transactional Posting, adhere to the following rules:

- For all inventoried departments, at *Setup / Inventory Departments* on the *G/L Posting* tab, the *<Freight/Add-On>* and *<Purchase Disc #>* accounts should be set to the Inventory Asset account.
- When adding new inventory products, add them with zero *Amount on Hand*, and with a reasonable *Average*, *Last*, and *Estimated Average Cost* (do not leave these costs zero). *Replacement Cost* may optionally be set.
- Before ending a month, always run a Company-Owned Inventory Statement and check that the asset account for each department is close to the value displayed on this report. Even if using Transactional Posting, the Post Inventory to G/L function described below should be used to adjust the asset value to actual. The value of unprocessed Purchase Receipts may optionally be included when posting.
  Note: The option to include unprocessed Purchase Receipts in the valuation should be used only as the LAST JOURNAL ENTRY for the FISCAL MONTH.
- *Estimated Freight* should be used in purchasing on products where freight will be paid to a 3rd party vendor.

Summarized Posting

When using this method, the inventory asset accounts remain unchanged as product is bought and sold. The inventory *Amount on Hand* changes, keeping the perpetual inventory quantity accurate, but the G/L inventory accounts are not affected by these transactions. Instead, the Post Inventory to G/L utility is used to post the change in inventory (since the last time the utility was run) to the asset accounts.

If the *Transactional Posting* option is not used, the Post Inventory to G/L function is necessary to keep the financial statements reflecting accurate inventory asset and cost of goods account balances. Although generally performed

monthly, this posting step may be done more frequently to update the financial statements. If financial statements are run more frequently than once a month, the *Post Unprocessed Pur Rec's* checkbox should not be marked. This option should only be used during the last Post Inventory to G/L function performed in a month.

Note: Including unprocessed Purchase Receipts should only be done as the LAST inventory posting of the fiscal month.

Important: When using *Summarized Posting*, adhere to the following rules:

- For all inventoried departments, at *Setup / Inventory Departments* on the *G/L Posting* tab, the *<Freight/Add-On>* and *<Purchase Disc #>* accounts should be set to either the corresponding Cost of Goods account or separate accounts that are included in the Direct Expense section of the financial statement.
- When adding new inventory products, add with a zero *Amount on Hand*, and with reasonable *Average*, *Last*, and *Estimated Average Costs*. *Replacement Cost* may optionally be set.

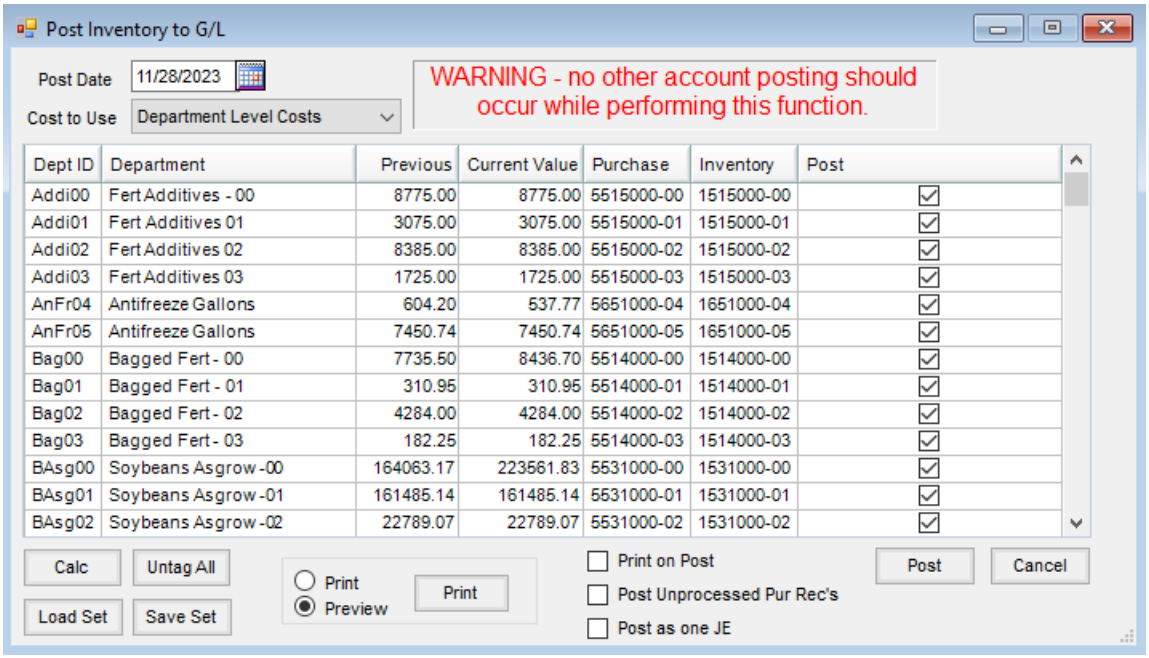
In order for this posting method to work correctly, it is imperative that each inventoried department has a unique inventory asset account.

Post Inventory to G/L

This function, found at *Accounting / G/L / Post Inventory to G/L*, brings the G/L Inventory asset accounts in line with the Company-Owned Inventory value. It is strongly recommended to run the Company-Owned Inventory Statement report to double-check quantity and cost amounts before posting inventory to G/L.

If including unprocessed purchases, be sure to only do it once and at the very end of the month.

A General Journal Entry is made and the G/L account balances are updated for each department affected. If the *Post Unprocessed Pur Rec's* option is used, the value of those receipts is accrued in a separate Journal Entry. A reversing JE of that accrual is posted to the Future Journal.



Select **Calc** to calculate the current value of inventory which is equal to the *Amount on Hand + unprocessed loaded Blend and Delivery Tickets - unprocessed Purchase Receipts * the selected cost (Department Level Costs, weighted Average Cost, Last Purchase Price, or Replacement Cost)*.

If the *Post Unprocessed Pur Rec's* option is selected, then the value of any unprocessed purchases displays in a separate column (based on the Purchase Order associated with the receipt, the *Estimated Average Cost*, or the Product's *Last Cost*).

The Post Inventory to G/L Recap report may be previewed or printed by selecting the option and choosing **Print**. Use the *Print on Post* option to print a record of the adjustment for the company files.

- **Print on Post** – A report prints showing the values of the Post Inventory to G/L function.
- **Post Unprocessed Pur Rec's** – If using this option, it must only be used on the final Post Inventory to G/L function done in a month, and no other inventory movement should occur after the unprocessed Purchase Receipts are posted. It values the unprocessed Purchase Receipts and posts them to the inventory asset account established on the Inventory Department and the estimated payables account set on the Location Preferences.
- **Post as one JE** – With this option selected, all entries for the Post Inventory function are included in one Journal Entry. If this option is not selected, then a separate Journal Entry posts for each department.
- **Post** – Choose **Post** to post the entry.

General Journal Entry	Debits	Credits
Backing out previous value of inventory – Asset Account		Previous Value $
Offsetting to Cost of Goods	Previous Value $	
Bringing in current value of inventory – Asset Account	Current Value $	

Offsetting to Cost of Goods		Current Value $

If the *Post Unprocessed Pur Rec's* option is selected, the following Journal Entry is posted in the current month. The reversal of that JE is posted into the Future Journal.

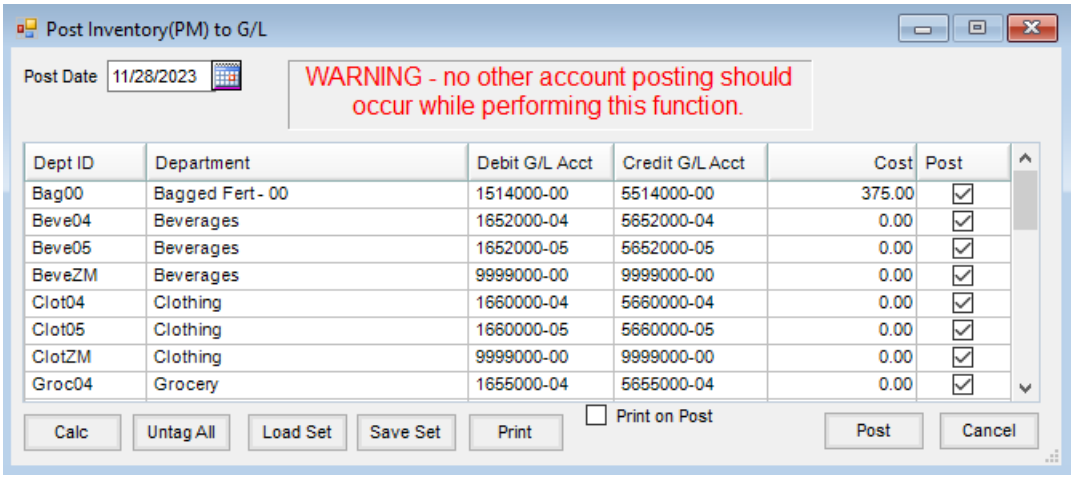
General Journal Entry	Debits	Credits
Inventory asset	Value of unprocessed receipts	
A/P – estimated account as set at the *Setup / Location / Preference* table of the location associated with the department.		Value of unprocessed receipts
Reversal of accrued entry above is placed in a future journal to be posted as the current month is ended.		

Post Inventory (PM) to G/L

Available to companies who are non-transactional posting, this option at *Accounting / G/L / Post Inventory(PM) to G/L* allows values in Profit Margin Departments to be posted to the General Ledger. The amounts for the Profit Margin Departments are calculated by the sales analysis of those products.

A General Journal Entry is made and the G/L account balances are updated for each department affected.

Note: Profit Margin Departments require unique setup on the Inventory Department prior to *Posting Inventory (PM) to G/L*.



- **Post Date** – This is the date of the transaction.
- **Calc** – Selecting **Calc** brings the departments in that are marked as Profit Margin Departments.
- **Untag All** – Choosing this deselects the *Post* checkbox for all listed departments.

- **Load Set/Save Set** – Screen options for this function may be saved by using **Save Set** and then later retrieved by using **Load Set**.
- **Print** – This prints the grid.
- **Print on Post** – If marked, a report of the posting prints when **Post** is selected.

General Journal Entry	Debits	Credits
Cost of Goods account for the Profit Margin Department	The amount based on the Sales Register for the PM Department	
Inventory account for the Profit Margin Departments		The amount based on the Sales Register for the PM Department