

# Fiscal Year Ended with Incorrect Amount on Hand

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The customer's accountant should at least be made aware of the situation, and may want to be involved in this process.

1. Look at the Average Cost of that product in both fiscal years. If the Amount On Hand was wrong, it is possible that the cost was not updated correctly. Do the same for Estimated Average Cost if applicable. Make sure the cost is correct in both years before continuing.
2. Log into the prior year and do an Inventory Adjustment to correct the Amount On Hand.  
**Note:** If set to Transactional Posting, check *Do Not Post JE*
3. Run the Inventory Adjustments report (*Accounting / Reports / Inventory / Inventory Status / Inventory Adjustments*) for that product and the date of the adjustment with *Product Recap* checked. The recap will give the value of the adjustment. This report can be given to the accountant.
4. Do a Journal Entry in the prior year debiting the inventory asset account and crediting cost of goods for the value of the adjustment. The Journal Entry will be for a negative dollar amount if the adjustment decreased the value of the Product.
5. Post this Journal Entry into the new year.
6. Re-run the month 12 financial statements to be submitted to the accountant along with the Inventory Adjustments report.
7. Log into the current year and do an Inventory Adjustment to correct the Amount On Hand.  
**Note:** If set to Transactional Posting, check *Do Not Post JE*.
8. No Journal Entry adjustment is necessary in the new year since the adjustment was posted forward from the prior year.
9. If any fiscal months have been closed in the new year, re-run the financial statements from each month. There is no way to go back and correct the ending quantity balances for that product in prior months, but the ledger will be right.