

## Common Errors With Product Setup

### Chapter 7

Two common errors occur when a new **inventory** product is set up.

#### 1. Errors with Initial Quantity on Hand

**Issue:** Student sets up a new **inventory** product and incorrectly enters the amount to be ordered in the **Initial quantity on hand** field instead of entering zero.

Product/Service information

Inventory [Change type](#)

Name\*  
Demo Item

SKU

Category  
Pest Control

Initial quantity on hand\* **10**

As of date\*  
[What's the as of date?](#) 07/01/2022

Reorder point  
[What's the reorder point?](#)

Inventory asset account  
Inventory Asset

Purchasing information

Demo Item

Cost 5 Expense account  
Cost of Goods Sold

Preferred Vendor

As a result, an opening balance inventory journal entry is created, using the **As of date** as the transaction date.

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
07/01/2022	Inventory Starting Value	START	Demo Item - Opening inventory ...	Opening Balance Equity			\$50.00
			Demo Item - Opening inventory ...	Inventory Asset		\$50.00	
						\$50.00	\$50.00

The journal entry increases Inventory for an amount equal to the **initial quantity on hand** times the default cost.

**Correction:** To correct this error, run the **Journal** report for the **as of date**. Locate the **Inventory Starting Value** transaction and click **START** in the **NUM** field to open the form.

**Inventory Starting Value #START**

Help X

Demo Item VALUE  
**\$50.00**

Initial quantity on hand  As of date  Reference no.

Initial cost

Inventory asset account  
Inventory Asset

Inventory adjustment account

Memo

Cancel Transaction journal Audit history **Save and close**

Change the **Initial quantity on hand** to **0** and click **Save and close**.

**Result:** The journal entry is automatically updated and changed to a 0 value.

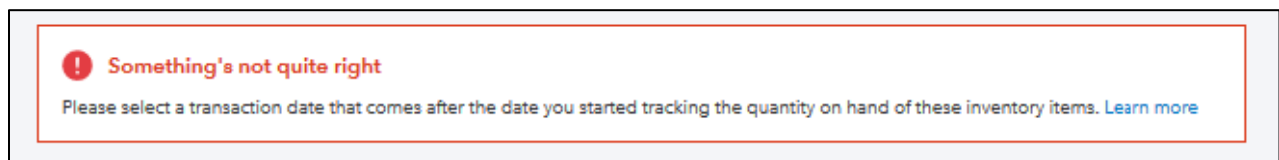
DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
07/01/2022	Inventory Starting Value	START		Demo Item - Opening inventory ...	Opening Balance Equity	\$0.00	
				Demo Item - Opening inventory ...	Inventory Asset	\$0.00	
						\$0.00	


## 2. Errors with Starting Date

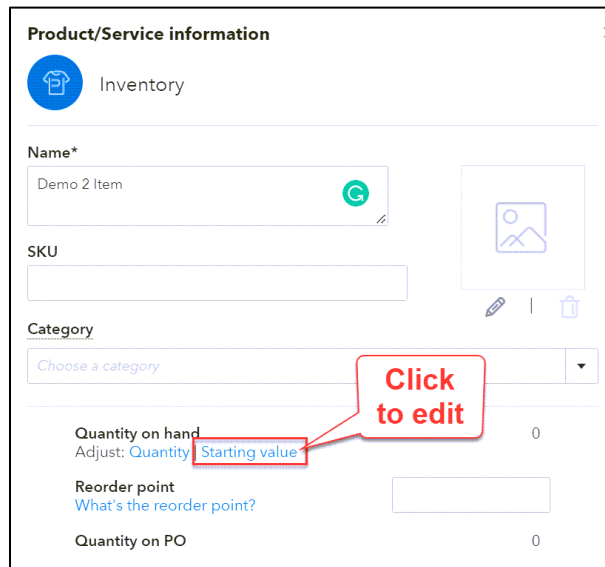
**Issue:** When setting up a new inventory product, the student enters an **As of date** that is **after** the date of the first sale of the new inventory item.

The screenshot shows the 'Product/Service information' form for an inventory item named 'Demo 2 Item'. The 'As of date\*' field is set to '07/06/2022'. A red callout box points to this field with the text: 'Date of first sale is 07/01/2022. As of date is incorrect.' The form also includes fields for 'Name\*', 'SKU', 'Category', 'Initial quantity on hand\*', 'Reorder point', and 'Description'. A 'Save and close' button is at the bottom right.


When the student creates a sales transaction dated **before** the **As of date**, they will receive an error message when trying to save the transaction.



**Correction:** To correct the error, open the **Products and Services** list from the  menu. Select **Edit** next to the inventory item that needs to have the date changed to open the item record.



**Product/Service information**

 Inventory

**Name\***  
Demo 2 Item

**SKU**

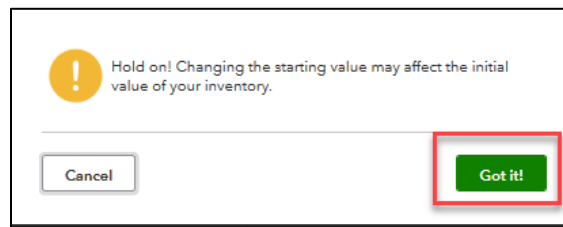
**Category**  
Choose a category


**Quantity on hand**  
Adjust: Quantity **Starting value** 0

**Reorder point**  
What's the reorder point?

**Quantity on PO** 0

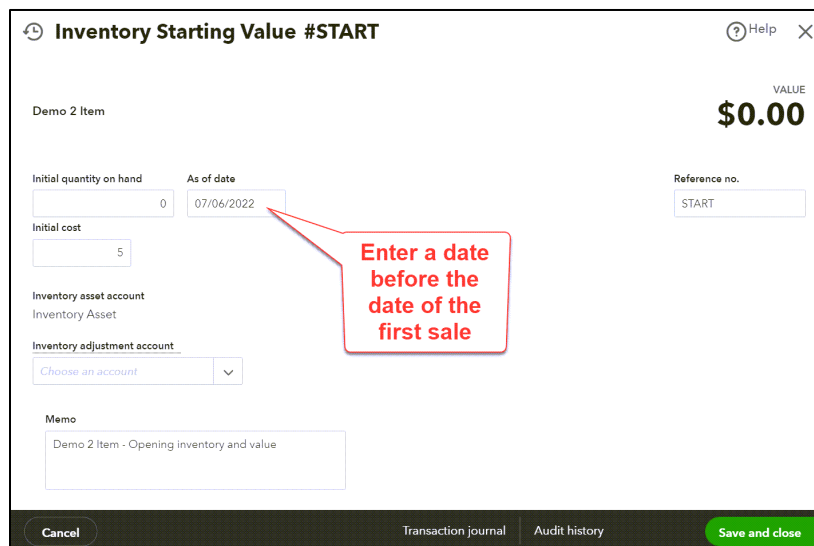
Select **Starting Value** in the **Quantity on hand** area.



 Hold on! Changing the starting value may affect the initial value of your inventory.

Cancel Got it!

Click **Got it!** when presented with the warning message.



**Inventory Starting Value #START**

Demo 2 Item

Initial quantity on hand 0 As of date 07/06/2022

Initial cost 5

Inventory asset account Inventory Asset

Inventory adjustment account Choose an account

Reference no. START

VALUE  
**\$0.00**

Memo  
Demo 2 Item - Opening inventory and value

Cancel Transaction journal Audit history Save and close

Change the **As of date** to a date that is on or before the date you first want to use this inventory item in a transaction. **Save and close.**