

## 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.

The screenshot shows the 'Product/Service information' form for an 'Inventory' type product. The 'Name' is 'Demo Item' and the 'Category' is 'Pest Control'. The 'Initial quantity on hand' field is set to '10', which is circled in red. A red callout box with the text 'Entered quantity ordered instead of 0.' points to this field. Other fields include 'As of date' (07/01/2022), 'Reorder point', 'Inventory asset account' (Inventory Asset), 'Purchasing information' (Demo Item), 'Cost' (5), and 'Expense account' (Cost of Goods Sold).

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:

**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.

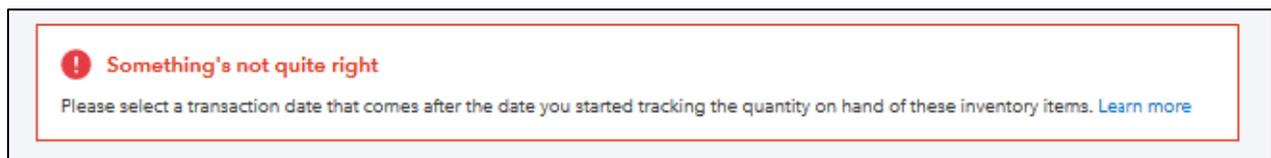
DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
07/01/2022	Inventory Starting Value	START		Demo Item - Opening inventory ...	Opening Balance Equity	\$0.00	
				Demo Item - Opening inventory ...	Inventory Asset	\$0.00	
						\$0.00	

## 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 a 'Product/Service information' form for an 'Inventory' item. The form includes fields for Name, SKU, Category, Initial quantity on hand, As of date, Reorder point, and Description. 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 has a 'Save and close' button 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 VALUE \$0.00

Initial quantity on hand 0 As of date 07/06/2022 Reference no. START

Initial cost 5

Inventory asset account Inventory Asset

Inventory adjustment account Choose an account

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.**