

New Product Setup

Common Errors When Setting Up Inventory Products

Chapter 7

There are two common errors that occur when setting up a new inventory product.

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.

As a result, an opening balance inventory journal entry is created and dated the same date as the **As of date** used when the inventory product was set up. The journal entry increases Inventory for an amount equal to the **initial quantity on hand** times the default cost.

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
10/01/2019	Inventory Starting Value	START		Sample Item - Opening inventory ...	Opening Balance Equity		\$50.00
				Sample Item - Opening inventory ...	Inventory Asset	\$50.00	
						\$50.00	\$50.00

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

Inventory Starting Value #START

Help

Sample Item

Initial quantity on hand

10

Initial cost

5

Inventory asset account

Inventory Asset

Inventory adjustment account

Opening Balance Equity

Memo

Sample Item - Opening inventory and value

Save and close

VALUE

\$50.00

As of date

10/01/2019

What's the as of date?

Reference no.

START

Change the Initial quantity on hand to 0.

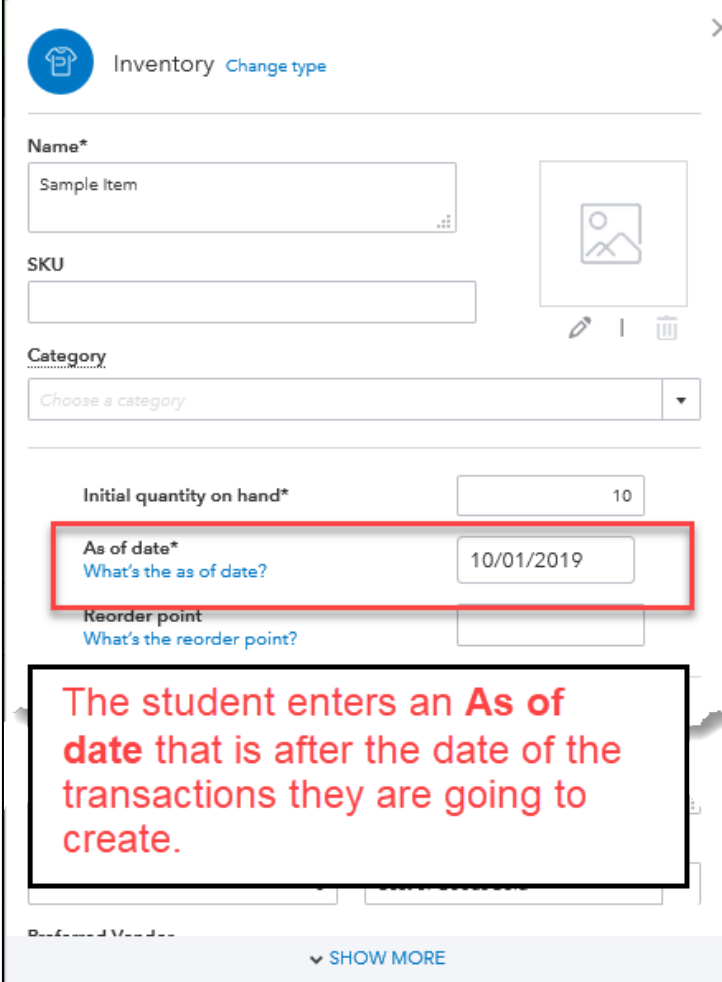
Change the **Initial quantity on hand** to **0** and click **Save and close**.

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

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDIT
10/01/2019	Inventory Starting Value	START		Sample Item - Opening inventory ...	Opening Balance Equity	\$0.00	
				Sample Item - Opening inventory ...	Inventory Asset	\$0.00	
						\$0.00	

2. Errors with Starting Date

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



The screenshot shows the 'Inventory' setup form. The 'As of date*' field is highlighted with a red box and contains the date '10/01/2019'. Below it, a text box with a black border and red text states: 'The student enters an **As of date** that is after the date of the transactions they are going to create.'

Inventory [Change type](#)

Name*
Sample Item

SKU

Category
Choose a category

Initial quantity on hand* 10

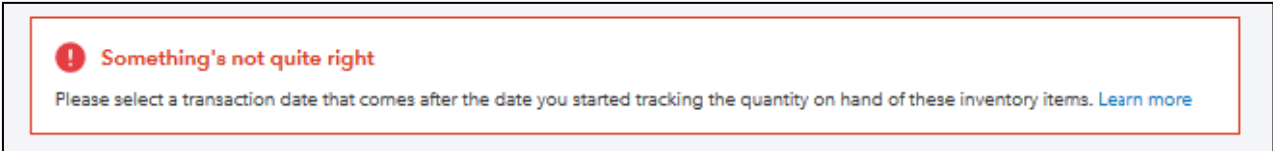
As of date*
What's the as of date? 10/01/2019

Reorder point
What's the reorder point?

The student enters an **As of date** that is after the date of the transactions they are going to create.


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When the student creates a new sales transaction with the new inventory product, they will receive this error message when trying to save the transaction.



! Something's not quite right

Please select a transaction date that comes after the date you started tracking the quantity on hand of these inventory items. [Learn more](#)

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

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

Product/Service information

Inventory

Name*

Sample Item

SKU

Category

Choose a category

Quantity on hand

Adjust: Quantity **Starting value**

Reorder point

What's the reorder point?

Quantity on PO

Inventory asset account

Inventory Asset

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

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

Cancel

Got it!

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. Select **Save and close**.

Inventory Starting Value #START

Sample Item

Initial quantity on hand

0

As of date

10/01/2019

What's the as of date?

Initial cost

5

Inventory asset account

Inventory Asset

Inventory adjustment account

Opening Balance Equity

Memo

Sample Item - Opening inventory and value

Cancel

Save and close

Change the date to be on or before the date you want to use for your sales transactions.

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