

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 X

Sample Item VALUE
\$50.00

Initial quantity on hand As of date Reference no.

[What's the as of date?](#)

Initial cost

Inventory asset account
Inventory Asset

Inventory adjustment account

Memo

Save and close

Change the Initial quantity on hand to 0.

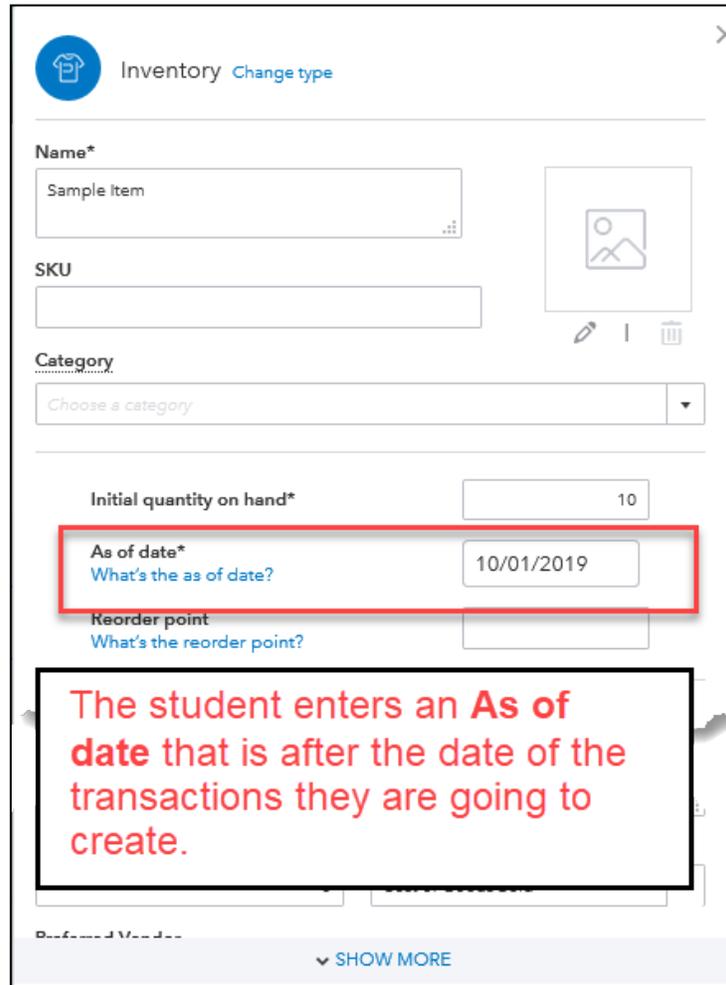
Change the **Initial quantity on hand** to **0** and click **Save and close**.

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	

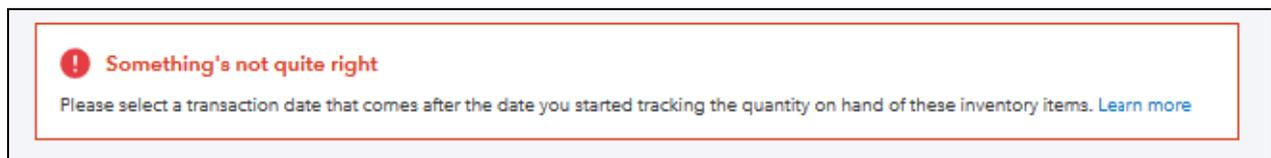
2. Errors with Starting Date

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.



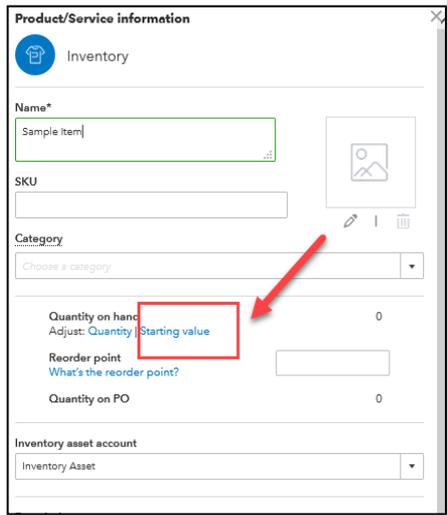
The screenshot shows the 'Inventory' setup form. The 'As of date' field is highlighted with a red box and contains the date '10/01/2019'. Below the form, a text box with a red border contains the following text: 'The student enters an **As of date** that is after the date of the transactions they are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

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.

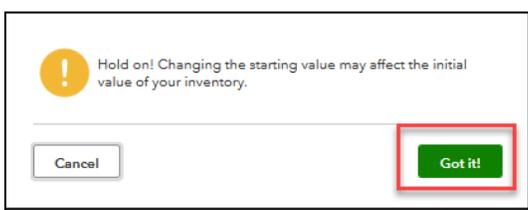


Correction: To correct the error, open the **Products and Services** list from the  icon. Select **Edit** next to the inventory item that needs to have the date changed to open the item record.

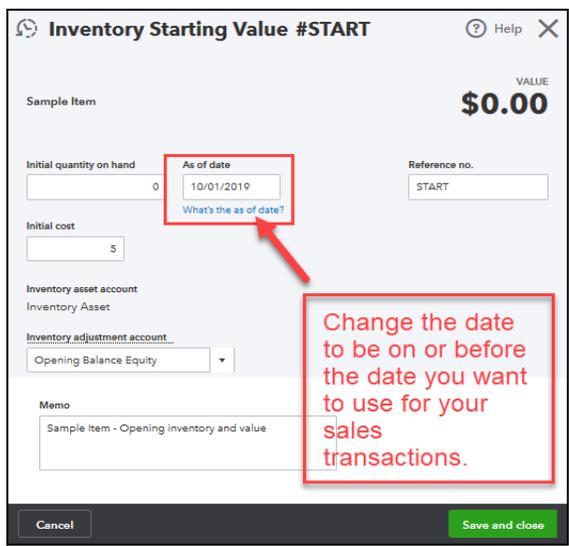
Select **Starting Value** in the **Quantity on hand** area



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



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**.



Updated: July 15, 2021