

Setup & Completion of Inventory Stock Take

Principle:

Completing a stock take should not be troublesome process, but due to the fact that most businesses have never setup up their stock correctly when they take on a new software program like Automation, then when at the end of the first financial year their Accountant requests their inventory asset value as part of their end of year financial reporting they realize how much of a mess and hard work it's going to be to get it all sorted out correctly.

This document will set out the correct process to sort out a business's inventory so that doing either a rolling (Recommended) or annual stock take is a stress free process.

Assumption:

First thing we need to do is identify the many components that Inventory parts in a business consist of.

- Catalog: is a look up list of a parts supplied to the business when they first use Automation, these
 parts have never been purchased by the business and are specifically there to assist the business
 to create invoices prior to doing a stock take and entering the business stock into the program.
 (See note below)
- 2. Inventory: the stock you carry on the shelf in the business.
- 3. **Buy-Ins:** are parts that are purchased on a day to day basis as they are not part of the business's Inventory stock.
- 4. **Rebuilds:** consist of parts taken from the business's inventory and combined with buy-ins and labor to rebuild secondhand parts into reconditioned parts to resell.
- 5. **Consignment:** Parts provided by the supplier prior to the selling of these parts, Batteries & Tyres usually fit into this category. Note: *Download and read <u>Consignment</u> document from resources*.

Note: Most businesses when they first start using Automation are in the process of learning the program so they have a tendency not to do a stock take and rely on the entering of their parts into inventory when they purchase them.

Now this is not in itself a bad thing as long as identifying the difference between an inventory item compared to a buy-in is done correctly, but usually this is not the case and what happens is buy-ins are purchased as if they were inventory then they take them out of inventory and place them on to the job to be sold.

Also each time a catalog part is sold the part quantity will go into the negative as the business has never purchased these catalog parts in the first place.

So as you can see over time if nothing has been done to correctly sort out the business inventory then when it comes time to do a stock take the business can find when they print a stock take list instead of say twenty sheets with just their inventory listed it can be fifty plus sheets with all zero and negative items listed.

This document will outline the correct procedures to tidy up your stock levels and allow the business to do stress free stock takes that will consistently be correct when it comes to their asset value.

All inventory items should have a minimum and maximum quantities set, no inventory should ever be at zero stock levels.

Step 1:

Run a Stock status report to identify zero stock and negative stock items.

Reports - Inventory Reports - Inventory Stock Status - Un-check boxes as per image below - Click All.

	Inventory stock	status
stock types		
Positive stock	Zero stock	Negative stock
Buy-Ins	Rebuilds	Hidden parts
Categories		
All categories	⊖ Sel	ected categories

Alternatively run separate reports for zero stock and negative stock items.

Once the business has identified the number of stock items that are at zero and at negative quantities they will need to make inactive all zero items and readjust the negative items back to zero.

Zero Stock Items:

Activities - Parts & Inventory Utility - Multiple Parts Manipulation - Hide

Assign category	Hide	Delete
Assign location	Convert to inventory	Convert to Buy-In

Parts listing opens, uncheck Catalog, Buy-Ins and rebuilds at the bottom of the screen then click on On-Hand header to sort by On-Hand (Qty)

Parts													×
Category	Part Number	Part	Туре	On Hand	Allocated	Available	Alt	Price Ex	Tax	Price Inc	Location	cmt	^
Lubricants - Engine Oils	1051-57	Engine Oil (Valvo XLD Plus 1 litre) 20W-50 SH/CF	Catalog	0	\$0.00	0		\$2.90	\$0.29	\$3.19			n I
Lubricants - Engine Oils	1054-57	Engine Oil (Valvo XLD Plus 1 litre) 20W-50 SH/CF	Catalog	0	\$0.00	0		\$2.55	\$0.26	\$2.81			
Lubricants - Engine Oils	1077-19	Castrol (TRANSMAX Z) Dexron II / III	Catalog	0	\$0.00	0		\$13.04	\$1.30	\$14.34			
Lubricants - Engine Oils	107781	Auto Trans Oil (TQM-ST 1 litre) SP-2/2M	Catalog	0	\$0.00	0		\$9.67	\$0.97	\$10.64			
Lubricants - Engine Oils	1079-57	Engine Oil (Valvo Diesel 1 litre) 15W-40 CH-4/SJ	Catalog	0	\$0.00	0		\$3.50	\$0.35	\$3.85			
Lubricants - Engine Oils	1095-13	Engine Oil (1 litre) Castrol GTX3 15W-40 SJ/CF	Catalog	0	\$0.00	0		\$3.79	\$0.38	\$4.17			
Lubricants - Engine Oils	1095-68	Auto. Trans. Oil (TRANSMAX M)(1 Litre) Dexron IID	Catalog	0	\$0.00	0		\$4.26	\$0.43	\$4.69			
Lubricants - Engine Oils	1095-90	Engine Oil (1 litre) Castrol TXT 5W-30 SJ/CF	Catalog	0	\$0.00	0		\$5.28	\$0.53	\$5.81		•	
Timing Belts	109MR19	Timing belt	Catalog	0	\$0.00	0		\$25.45	\$2.55	\$28.00			

Place a tick in the checkboxes of all parts that are at zero quantities once completed click on the OK button to make all checked parts inactive.

Negative Stock Items:

Run and print a Profit & Loss report to identify the businesses Inventory Adjustments Loss value.

Click on Parts button at top of screen, Parts listing opens, uncheck Catalog, Buy-Ins and rebuilds at the bottom of the screen then click on On-Hand header to sort by On-Hand (Qty). Edit a negative part and adjust Stock on hand and total value back to 0.00.

On hand	-1	Min. stock	0
Total value	-\$82.05	Max. stock	0
verage value	\$82.05	Allocated	0.00
urchase units		On order	0

Part type	Inventory 🗸 🚺 🗆	Recalc quantity first
Category	Batteries	

If this item is actually a Buy-In and had been converted to Inventory by mistake then click on the green arrow button to convert back to Buy-In. Once all negative stock items have been adjusted and or converted back to Buy-Ins, those that are left will need to be made inactive follow all instructions as per Zero stock items in making those parts inactive.

Run and print a second Profit & Loss report to identify the businesses Inventory Adjustments Loss value.

Calculate the difference between the first Inventory Adjustment Loss value and the second Inventory Adjustment Loss value, the difference value will need to be adjusted out of the Profit and Loss report by a Journal.

Lists – Chart of Accounts Check for an account called Historical Balancing if there isn't one then create a new one as below

Account	Historical Balancing			
Account No.				
Sub-account of	(None)			
Гуре	Equity	\sim		
Current balance	\$400.00		Inactive	
			Г	

Admin – Journal Entry fill out the journal as below this will remove the negative part values from your Profit & Loss.

© Journal entry				—
Date 05/12/24 Ref. <new> Memo Recurring Next </new>			~	
Account	Name	Debit	Credit Tax code	Tax amt
Inventory Adjustments Loss		\$0.00	\$200.00	\$0.00
Historical Balancing		\$200.00	\$0.00	\$0.00
5	<u> </u>		<u> </u>	
	Unalle	ocated amount	\$0.00	
Cancel	Reverse Delete		←	× →

This concludes the cleaning out of erroneous items in your inventory.

Step 2:

The Business is now ready to setup stock locations this will assist in all future stock takes, some or all of the information below needs to be recorded ready to assign the location.

- 1. Part Description
- Part Location
- 7. Part Sell Price
- Part Number
 Part Quantity
- 3. Part Category
- 6. Part Cost Price

It is highly recommended that the business setup locations for all their inventory this requires the naming and labeling of all areas, racks, shelves, bins etc. that hold or store the business parts.

Once that has been completed the business will need to create those locations in Automation.

Lists – Stock Locations

Location	
Rack 1	
Rack 1 - Shelf 1	
Rack 1 - Shelf 2	
Rack 1 - Shelf 3	
Rack 1 - Shelf 4	
Rack 2	
Rack 2 - Shelf 1	
Rack 2 - Shelf 2	
Rack 2 - Shelf 3	
Rack 2 - Shelf 4	
Rack 3	
Shelf 1	
Wall 1	
Wall 2	

Once the business has completed creating their stock locations they will need to assign those parts to their specific location.

Activities – Parts & Inventory Utility – Multiple Parts Manipulation – Assign Location – Choose Location

Assign category	Hide	Delete
Aurine la estiva		

Parts listing opens, uncheck Catalog, Buy-Ins and rebuilds at the bottom of the screen then click on Category header to sort by category place a tick in each check box to allocate those parts to their correct location.

Select Parts	2 Select Parts									×			
Category 1	Part Number	Part	Туре	On Hand	Allocated	Available	On order	Alt	Retail Inc	Whsale I	Trade Inc Location	cmt	^
	2121	TIETEN VIE	THACHEON	*	v	*	v		402.00	40.00	40.00		
	Z951	Ryco Fuel Filter	Inventory	1	0	1	0		\$0.00	\$0.00	\$0.00		
Additives	CARBOND	Carbontune -diesel	Inventory	4	0	4	0		\$23.94	\$23.47	\$22.34		
Additives	CARBONP	Carbontune -petrol	Inventory	2	0	2	0		\$23.94	\$23.47	\$22.34		
Additives	COOL	Coolant	Inventory	20	0	20	0		\$21.42	\$21.00	\$19.99 Rack 1		
Additives	EF1	Engine Flush	Inventory	4	0	4	0		\$24.26	\$23.78	\$22.64 Rack 1		
Additives	IC1	Injector Cleaner	Inventory	0	0	0	0		\$21.42	\$21.00	\$19.99 Rack 2		
Additives	WYNNS	Wynns	Inventory	0	0	0	0		\$10.08	\$9.88	\$9.41 Shelf 4		
Air conditioning - Gas	R134	R134 Refrigerant Gas	Inventory	3.5	0	3.5	0		\$40.69	\$39.88	\$37.98 Shelf 3		
Batteries	AMF 330	Batteries	Inventory	-1	0	-1	0		\$103.84	\$101.78	\$96.91 Shelf 1		

This concludes the assigning of inventory parts to their correct location.

Step 3:

Now that the business has cleaned and located their inventory it's now time to do a physical stock take.

Activities – Inventory – Stock Take – New – Choose filters as per image below – Choose location - OK Activities – Stock Take

Part types	Locations & Categories	Options
Inventory		Exclude parts with no category
Buy-Ins	○ Selective categories	Exclude parts with no location
🗌 Rebuilds	Selective locations	Exclude parts with zero on hand
Cancel		ОК

New stock take details screen opens displaying all stock that resides at the chosen location

Description			Start date	05/12/24	End date	
Location	Category	Part Number	Part	Allocated	On Hand	Count
Rack 1 - Shelf 1	Additives	CARBOND	Carbontune -diesel	0	4	C
Rack 1 - Shelf 1	Additives CARBONP Carbontune -petrol		0	2	C	
Rack 1 - Shelf 1	Additives	COOL	Coolant	0	20	(
Rack 1 - Shelf 1	Additives	EF1	Engine Flush	0	4	(
Rack 1 - Shelf 1	Additives	IC1	Injector Cleaner	0	0	(
Rack 1 - Shelf 1	Additives	WYNNS	Wynns	0	0	(
C Reset	Same	Group b	Group by category			

Give the stock take a description then click on the Worksheet button to produce a list of all parts at the chosen location. Click OK to close and save the stock take.

Once the business has completed the count then they reopen the stock take to enter the count on the far right hand side of the screen once they have finished entering the new count then they can print a variation report outlining the changes in quantities. Click OK to close and save the stock take.

IMPORTANT: please be aware once you have pressed the OK button to close and save the stock take you cannot undo or make changes or delete the saved stock take.

This concludes on how to clean, adjust, locate and complete a stock take.