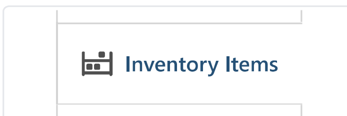
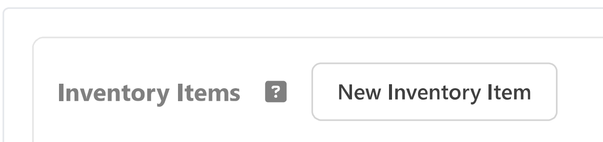
Inventory Items

The **Inventory Items** tab in Manager functions as a module for creating, monitoring, and managing your inventory list. This module allows you to keep track of your stock levels, set reorder points, and manage the purchasing and selling of inventory items.



To create a new inventory item, click the **New Inventory Item** button.



See the Inventory Item — Edit guide for more information on creating and editing inventory items.

By default, when you use the Inventory Items tab, all inventory purchases will debit your **Inventory - cost** expense account, and all inventory sales will credit your **Inventory - sales** income account. If you would like to see your quantity owned in the **Inventory on hand** asset account, specify average costs for your inventory items on the **Inventory Revaluations** screen. See Inventory Revaluations for more information.

The Inventory Items tab features several columns:

Item Code

Displays the code assigned to an inventory item.

Item Name

Displays the name of the item as defined in the inventory item entry.

Control Account

Displays the control account associated with an inventory item. By default, inventory items are assigned to the **Inventory on hand** control account. However, you have the option to set up custom control accounts as well.

Division

Indicates the division associated with an inventory item. This column is pertinent for those utilizing divisional accounting.

Description

Displays the description that has been set for the inventory item.

Qty Owned

Displays the total quantity that has been acquired but not yet sold or written off.

- All general ledger transactions are **included**.
- **Delivery Notes** and **Goods Receipts** have no effect here because they are not general ledger transactions.

When you click on the **Qty owned** figure, you will see a list of transactions that contribute to the **Qty owned** balance. See **Inventory Items — Qty owned** for more information.

Qty to Deliver

If you are using **Delivery Notes**, this column will track sold items that are yet to be delivered.

- **Sales Invoices increase** this quantity.
- **Delivery Notes decrease** this quantity.
- **Credit Notes decrease** this quantity.

Qty to Receive

If you are using **Goods Receipts**, this column will track purchased items that are yet to be received.

- **Purchase Invoices increase** this quantity.
- **Delivery Notes decrease** this quantity.
- **Debit Notes decrease** this quantity.

Qty on Hand

If you are using **Qty to deliver** and/or **Qty to receive**, then **Qty on hand** will show your physical quantity on hand.

- **Goods Receipts increase** this quantity.
- **Delivery Notes decrease** this quantity.
- **Sales Invoices** are **excluded** unless they are also acting as delivery notes.
- **Purchase Invoices** are **excluded** unless they are also acting as goods receipts.
- **Credit Notes** are **excluded** unless they are also acting as delivery notes.
- **Debit Notes** are **excluded** unless they are also acting as goods receipts.
- All other general ledger transactions are **included**.

In other words, **Sales Invoices**, **Purchase Invoices**, **Debit Notes**, and **Credit Notes** have an effect on **Qty owned** but no effect on **Qty on hand**. **Delivery Notes** and **Goods Receipts** have an effect on **Qty on hand** but no effect on **Qty owned**.

Qty Reserved

If you are using **Sales Orders**, you can also track **Qty reserved**:

- **Sales Orders increase** this quantity.
- **Delivery Notes** linked to **Sales Orders decrease** this quantity.

Qty Available

This is used to see how much more inventory is physically available on hand that can be immediately sold and delivered. It is calculated as:

> *Qty available = Qty on hand - Qty to deliver - Qty reserved*

Qty on Order

If you are using **Purchase Orders**, then you can track **Qty on order**. Each purchase order maintains its own Qty on order balance.

Qty on order balance is calculated as:

> *Qty on order = Qty ordered - Qty invoiced or Qty received (whichever is higher)*

In other words, **Qty on order** tracks the quantity of inventory items that have been ordered but haven't been received or invoiced yet.

Qty to be Available

Provides a glimpse into future stock levels. It is calculated as:

Qty to be available = Qty available + Qty to receive (if positive) + Qty on order

Qty Desired

Corresponds to your specified **Reorder point** for an inventory item. The **Qty desired** figure cannot be clicked on directly. However, you can change this figure by clicking the **Edit** button on an inventory item.

Qty to Order

The **Qty to order** column shows if the **Qty desired** is lower than the **Qty to be available** and by what amount. This difference represents the quantity that needs to be ordered from the supplier.

When new stock is ordered or bought from the supplier, it raises the **Qty to be available**, thereby reducing the difference, ideally to zero, to reconcile the balance in **Qty to order**.

Average Cost

Shows the average cost for the inventory item.

Total Cost

Shows the total cost for the inventory item. It is calculated as:

Total cost = Average cost × Qty owned

To customize visible columns, use the **Edit columns** button. See Edit columns for more information.

Establishing Starting Balances

Since every inventory item has multiple quantity counters and each quantity counter can have multiple sub-counters (for example, **Qty to deliver** is actually tracking Qty to deliver per each customer separately), to establish starting balances, simply enter individual transactions to establish your starting balances. Here is how to do it for each column:

- **Qty owned**: Enter a **New Journal Entry** where you debit the inventory item. In the **Debit** column, enter the total cost, and in the **Qty** column, enter the starting quantity. Journal entries must be balanced, so the **Out of balance amount** should be posted as a credit to the **Retained earnings** account. When creating a journal entry, make sure the **Item** and **Qty** columns are displayed by checking the appropriate checkboxes.
- **Qty to deliver**: Enter a **New Sales Invoice** for each customer where inventory items have been invoiced but not yet delivered. If the invoice has been partially delivered, then also enter a **New Delivery Note** to represent the partial delivery.
- **Qty to receive**: Enter a **New Purchase Invoice** for each supplier where inventory items have been invoiced but not yet received from the supplier. If the invoice has been partially received, then also enter a **New Goods Receipt** to represent the partial receipt of inventory items.
- **Qty on hand**: Once you establish starting balances for **Qty owned**, **Qty to deliver**, and **Qty to receive**, this column will represent the starting balance for **Qty on hand**.
- **Qty reserved**: Enter a **New Sales Order** for inventory items that have been ordered by customers but neither invoiced nor delivered.
- **Qty available**: Once you establish starting balances for **Qty reserved**, this column will represent the starting balance for **Qty available**.
- **Qty on order**: Enter a **New Purchase Order** for inventory items that have been ordered from suppliers but neither invoiced nor delivered.
- **Qty to be available**: Once you establish starting balances for **Qty on order**, this column will represent the starting balance for **Qty to be available**.
- **Qty desired**: This is your minimum stock level, which is adjusted when editing the inventory item.
- **Qty to order**: Once you set **Qty desired**, this column will represent the starting balance for **Qty to order**.

Utilizing Advanced Queries

Utilize the **Advanced Queries** feature to organize inventory items by filtering, sorting, and grouping them within the Inventory Items screen. For instance, if you want to display a list of inventory items that shows only the **Qty on hand**, your advanced query might look like this:

Select

Item code　Item name　Qty on hand

Where...

Qty on hand　is not empty

You can swap **Qty on hand** for **Qty to deliver** to see a list of inventory items that are awaiting delivery to customers. Alternatively, use **Qty to receive** for items still to be received from suppliers, or **Qty to order** to identify inventory items that need to be ordered from suppliers to restock.