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Support Bulletin # 7 Purchase Delivery Accrual

When stock is received but not invoiced problems can occur with reporting the cost of goods. In some other accounting programs this was not handled particularly well, with some updating the stock movement at the time of delivery, others updating the stock movement only at the time of invoicing.

How ABM handles this is with a goods not yet invoiced account. Example –

Delivery of goods for the value of \$1000

	Dr	Cr
Stock Purchases	1000	
Stock on Hand	1000	
Goods not yet Invoiced		1000
Stock Movement		1000

Once the goods are invoiced the accrual of the goods not yet invoiced, along with any adjustments to the cost of the goods are posted as –

Goods previously delivered for \$1000, now invoiced for \$1200

	Dr	Cr
Goods not yet Invoiced	1000	
Stock Purchases	200	
Creditors		1200

NEGATIVE STOCK

When accounting for Stock on an Average Cost basis, issues can arise if stock quantities go into negative. How ABM handles this is –

Average cost is calculated in the usual manner unless the stock qty goes into negative. Once a stock item has a negative qty on hand the last cost (or zero) is used for the average cost. Once the qty on hand is positive the usual method for calculating the average cost is once again used.

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