

Adjust Inventory Cost

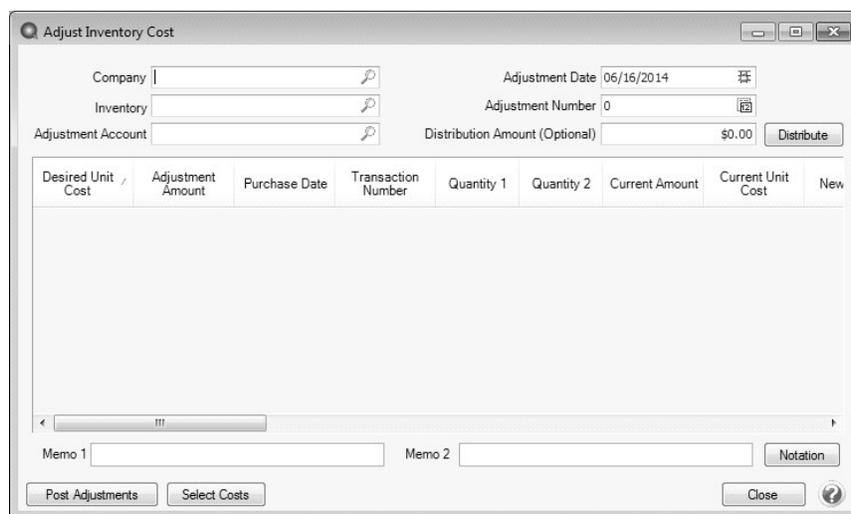
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This option allows a user to adjust inventory cost without changing quantities.

For LIFO and FIFO valuations (including Serial and Lotted Inventory) cost layers you want to adjust can be selected. For Average Cost valuations, the cost is adjusted without entering any quantities. The Inventory and Adjustment Accounts are used to post general journal entries when the adjusted amount is posted.

Adjust Inventory Cost

1. Select **Processes > Inventory > Adjust Inventory Cost** or **Processes > Periodic > Adjust Inventory Cost**.



2. In the **Company** box, enter or select the company name that this inventory cost adjustment is for.
 3. Select the **Inventory** account the adjustment is for. This is a required entry. The lookup list will display only postable inventory accounts and inventory items.
 4. Select the **Adjustment Account** this inventory cost adjustment is for. This is a required entry. The lookup list will display only Asset, Liability, Equity, Expense, and Revenue accounts.
 5. Enter the **Adjustment Date**.
 6. In the **Adjustment Number** box, a sequence number will be assigned automatically.
 7. Click **Select Costs**.
 8. Enter an optional **Distribution Amount** and then click **Distribute** to distribute amounts to the cost records in the transaction grid by quantity. The distribution to grid lines is calculated as the (Row Quantity On Hand / Total Quantity on Hand) multiplied by the Distribution Amount.
 9. All grid columns are inactive (read only) except for the **Adjustment Amount** and the **Desired Unit Cost** columns.
 10. When a unit cost is entered into the **Desired Unit Cost** box, the system calculates:
 - » Adjustment Amount = (Quantity * Desired Unit Cost) - Current Amount
 - » New Amount = Current Amount + Adjustment Amount
- or

When an **Adjustment Amount** is entered the system calculates:

- » $\text{New Amount} = \text{Current Amount} + \text{Adjustment Amount}$
- » $\text{Desired Unit Cost} = \text{New Amount} / \text{Quantity}$

11. Click **Post Adjustments**. One General Journal entry will be posted for each cost record being adjusted. When the Adjustment Amount is greater than zero, Inventory is debited and when the Adjustment Amount is less than zero, Inventory is credited and the Adjustment Account will be posted as the Net of the cost adjusted.