



GP Tips 'n' Tricks from Altico



There are dozens of little tips and tricks for using your Microsoft Dynamics GP system that can make your life ever so much easier. We'll be bringing you a new tip every month in the hope that you find them useful.

The resident Altico wizard presents your November 2008 GP tip:

Devaluing Inventory

People often ask how to devalue inventory. They purchase an item at one price, hold it in inventory only to find the item is no longer worth the original price paid. They then ask about devaluing the inventory.

The use of the word Value in Valuation Method on the Inventory Card is actually a misnomer. It should say Costing Method. The "value" tracked by GP is the cost to acquire the item and not the item's current value. The user may have paid \$10.00 each of an item that is now only worth \$2.00 but the firm paid \$10.00 and the \$10.00 is being held in the inventory asset account.

If an adjustment is needed for financial statements, create an inventory asset contra account and post the adjustment to that account, showing the total of the inventory asset account and the contra account on the financial. This will allow the "write-off" to be taken immediately. Now, as the items are actually sold, use the markdown to sell them at a lower price and post the markdown to the contra asset account, wiping out the adjustment

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I'm NOT the resident wizard, but be that as it may, you're welcome to channel your questions through me.

Yours,

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