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Article # 1214

Technical Note: Understanding the Internal Stock Issuance Function

Difficulty Level: Beginner Level AccountMate User

Version(s) Affected: AccountMate 11 for SQL and Express
AccountMate 10 for SQL and Express
AccountMate 9 for SQL and Express

Module(s) Affected: IC

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DESCRIPTION

Businesses involved in selling products often require that certain inventory items be designated for internal consumption. Other businesses may be involved in manufacturing products, which may be required by other departments within the company. AccountMate's **Internal Stock Issuance** feature allows you to record the reduction of inventory balances arising from issuing stock items for internal consumption and to charge the related expense to the appropriate cost centers. Relevant reports about the recorded internal stock issuance transactions are also provided.

This Technical Note provides a comprehensive discussion about the **Internal Stock Issuance** function, its related reports, General Ledger (GL) entries, and the effects of the Period End Closing process on this type of transaction.

SOLUTION

Internal Stock Issuance function

There may be instances where an inventory item must be designated for internal consumption. The **Internal Stock Issuance** function facilitates the recording of this kind of transactions. To record a stock issuance transaction, enter the following transaction details:

- Source **Warehouse**
  You can record internal stock issuance from only one warehouse at a time. If you must issue stock from several warehouses, you need to separately record them.

- **Issued Date**
  This date marks the day when the transaction is completed. AccountMate also uses this date for posting the related journal entries.

- **Remarks**
Enter a brief description that will identify the particular transaction. This is a mandatory information; thus, you need to provide information in this field in order to save the transaction.

- **Transfer to General Ledger**
This checkbox is optional; however, marking it will configure AccountMate to create the related journal entries and transfer them to the General Ledger. Marking this checkbox will help ensure that the financial statements will properly reflect the reduction from the Inventory GL Account ID balance.

    The journal entries for the transaction will appear in the **IC Transfer to GL Report** as follows:

    DR: Inventory Adjustments   xxx.xx
         CR: Inventory   xxx.xx

    In the **IC Transfer to GL Report** the internal stock issuance transaction is designated by the code "ISTI" and the issuance number is displayed under the **Reference** column. AccountMate debits the **Inventory Adjustments** GL Account ID provided in the **Internal Stock Issuance** function and credits the **Inventory** GL Account ID assigned in the **Inventory Maintenance ▶ GL Accounts** tab.

    *Note: The default **Inventory Adjustments** GL Account ID in the **Internal Stock Issuance** function comes from the warehouse record from which the inventory item will be issued.*

    If you want to record an issuance cost which is either greater or less than the actual inventory cost, unmark the **Transfer to General Ledger** checkbox in the **Internal Stock Issuance** function; then, post a journal entry for the transaction in the General Ledger module. If you do this, it is important to note that the inventory balances in subsidiary modules will not match the related GL Account ID balances.

- **Inventory Line items**
Click the **Add** button to enter an inventory line item in the grid.

    Notes:

    ➢ *AccountMate does not allow you to record internal issuance of non-stock items.*

    ➢ *Similar to the **Inventory Adjustment** function, the **Internal Stock Issuance** function also does not allow the use of an on-the-fly kit item.*

    ➢ *For an inventory item with specifications, you must select a specification in the **Specifications for Item** window before the item will be displayed in the grid.*

    ➢ *For serialized, lot-controlled, or prebuild kit items, you must enter a value in the **Issue Qty** column before selecting a lot, serial, or kit number in the **Stock Issuance for Item # [xxx]** window; otherwise, you will encounter the message "Total entered quantity does not match Adjustment Quantity [0]."*

    The line item's issuance cost is displayed in the read-only **Unit Cost** column. This value is the inventory item's average unit cost in the specified warehouse. The Total (cost)

field displays the total issuance cost. If you want to hide the **Unit Cost** column and the **Total** (cost) field in the function window, unmark the **Show Cost** checkbox in the **IC Module Setup ► General (1) ► Internal Stock Issuance** area. The setting for this checkbox does not affect the information displayed in the related reports.

- Source **Bin**
  If the inventory items are from different bins, enter the inventory item in the grid as many times as there are source bins. If the units of an inventory item are issued from more than one bin as specified in the **Enter Qty for Item # [xxx]** window, the **Bin** field will be inaccessible and will display "Multiple."

- **Issue Qty**
  If the units of an inventory item are issued from multiple bins, specify in the **Enter Qty for Item # [xxx]** window the number of units to be issued from each bin.

After you have specified the information listed above, you may save the transaction. Upon saving, AccountMate assigns a unique predefined issuance number to the internal stock issuance transaction.

Reports

You can review the internal stock issuance transactions using the following reports:

- **Print Stock Issuance Slip**
  The Stock Issuance Slip serves as a supporting document to the transfer of accountability and cost of the issued inventory items. By generating multiple copies of the same Issuance Slip, you can provide a copy to the requisitioning department or cost center, retain a copy for the Warehouse department, or distribute a copy to the Accounting department. Other printing options are also available in the **IC Module Setup ► Printing** tab.

- **Internal Issuance Report**
  This report provides complete details of the stock issuance transaction. Use this report to match or support the related GL entries in the **IC Transfer to GL Report**. You may also use it to review inventory items that are frequently used for internal consumption and determine the related inventory costs involved.

Period-End Closing

When you perform **Period End Closing** in the Inventory Control module, the internal stock issuance transactions are permanently transferred from the current tables—ICISTI *(Internal Stock Issuance Table)* and ICISTR *(Internal Stock Issuance Line Item Table)*--to the related history tables, ICISTIH and ICISTRH. The transferred data will no longer be available for printing using the **Print Stock Issuance Slip, Internal Issuance Report**, and **IC GL Transfer Report** functions. Note that the **Stock Issuance Slip** and **Internal Issuance Report** can still be printed even after performing the Period-End Closing.

If you specified a purge date in the **Purge Issuance With Dates Before** field, the stock issuance transactions in the history tables with issuance dates prior to the specified purge date will be deleted during **Period-End Closing**.

AccountMate's **Internal Stock Issuance** function records the necessary transaction details and reduces the inventory balances. The appropriate GL Account ID balances are updated with the issuance costs, and the financial statements are properly updated. This feature also meets the need for relevant reports. The **IC Period-End Closing** function completes the transaction cycle by permanently posting the GL entries to the General Ledger and transferring the stock issuance transactions to the related history tables.

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